

**TRANSFORMATIONAL LEADERSHIP,  
ORGANIZATIONAL CHARACTERISTICS, EMPLOYEE OUTCOMES,  
LEADER-MEMBER RELATIONS AND PERFORMANCE  
OF UNIVERSITIES IN KENYA**

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**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENT FOR THE AWARD OF THE DEGREE OF DOCTOR  
OF PHILOSOPHY IN BUSINESS ADMINISTRATION,  
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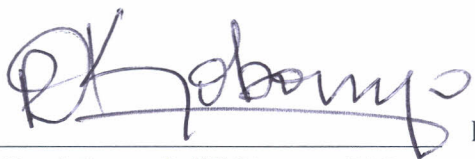
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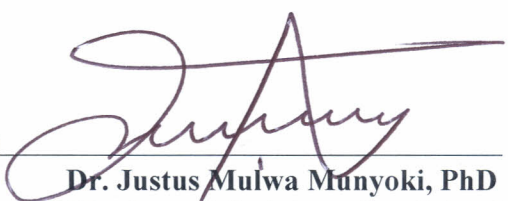
## DECLARATION

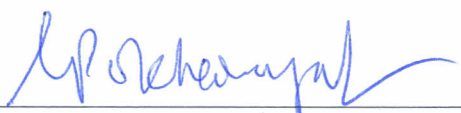
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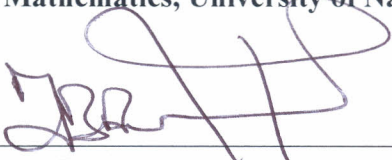
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## **DEDICATION**

To all the people in my life who have helped me realize my potential and accomplish my goals. Thank you!

## ACKNOWLEDGEMENTS

The way people behave and why they behave the way they do has greatly intrigued me since I joined the University of Nairobi administration. Then came the desire to understand what organizations are, why they exist and what makes them successful. Later I wanted to understand the role of leadership and particularly transformational leadership in people working together in organizations. It is no wonder I chose Organizational Theory and Behaviour as the discipline of interest for my doctoral work.

First, I would like to thank my supervisors led by Prof. P. O. K'Obonyo, Dr. J. M. Munyoki, Prof. G. P. Pokhariyal and Dr. Z. B. Awino for inspiring and encouraging me to pursue further work in transformational leadership. I appreciate your guidance, support and feedback to my work that brought this project to a successful completion. As my supervisors, thank you for travelling this academic journey with me.

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## ABBREVIATIONS AND ACRONYMS

<b>BSC</b>	Balanced Score Card
<b>CHE</b>	Commission for Higher Education
<b>CUE</b>	Commission for University Education
<b>EO</b>	Employee Outcomes
<b>HEIs</b>	Higher Education Institutions
<b>HRM</b>	Human Resources Management
<b>KCSE</b>	Kenya Certificate of Secondary Education
<b>LIA</b>	Letter of Interim Authority
<b>LMR</b>	Leader-Member Relations
<b>LMX</b>	Leader-Member Exchange
<b>LPI</b>	Leadership Practices Inventory
<b>MDM</b>	Multidimensionality
<b>MLQ</b>	Multifactor Leadership Questionnaire
<b>NACOSTI</b>	National Commission for Science, Technology and Innovation
<b>OC</b>	Organizational Characteristics
<b>OCB</b>	Organizational Citizenship Behaviour
<b>OP</b>	Organizational Performance
<b>ROA</b>	Return on Assets
<b>TL</b>	Transformational Leadership
<b>TS</b>	Transformational Leadership
<b>USA</b>	United States of America

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## ABSTRACT

University education in Kenya has undergone major reforms in the last ten years which have come with challenges to employees and universities. This study was motivated by the need to understand how universities in Kenya responded to these reforms, focusing on their leadership which is critical in both managing the transformation and creating academic excellence. To realize these goals the universities need a proactive leadership and a motivated workforce which transformational leadership can provide as it has the ability to motivate and empower employees to better organizational performance. This study set out to answer three research questions. What are the factors that influence the relationship between transformational leadership and performance of these universities? Is the effect of transformational leadership and the performance of these universities direct or is it mediated by other factors? Are there factors that moderate the relationship between transformational leadership and employee outcomes of these universities? The study employed a positivist approach to research and used a descriptive survey research design. Data was collected in April 2014 from the top leadership of the 52 fully-fledged universities in Kenya using a questionnaire. A response rate of 73% was realized. Descriptive statistics were used to obtain a general understanding of the universities while different statistical techniques such as regression analysis, correlation analysis and multiple regression analysis were used to analyse the data and test the hypotheses. The study had eight hypotheses. The findings of the study supports hypothesis one, which show a positive and statistically significant relationship between transformational leadership and the performance of universities. Hypotheses two and five are supported as all the indicators of organizational characteristics show a positive relationship with transformational leadership and with performance except for reactor strategy as expected. The results support hypotheses three and six on the relationship between transformational leadership and employee outcomes and employee outcomes and performance. The findings of this study do not support a moderating effect by leader-member relations on the relationship between transformational leadership and employee outcomes. The results of hypothesis seven shows that employee outcomes fully mediate the relationship between transformational leadership and performance while organizational characteristics show mixed results. Hypothesis eight predicted that all the predictor variables would have a joint effect on performance that would be stronger than that of each of the predictor variables. The results, however, show a joint effect of employee outcomes, management systems and leader-member relations on performance that is stronger than that of each of these predictor variables. Transformational leadership, structure, strategy and technology did not contribute to the joint effect. In summary, it emerged that transformational leadership behaviour of the top leadership of universities in Kenya led to high employee and organizational performance and that the top leadership of these universities is able to match their strategy with the correct structure, systems and technology to achieve organizational effectiveness. The results of the study have important implications for theory, policy and practice for the Kenyan universities. Specifically the findings suggest that universities need visionary leadership and sound policies that will strengthen their position as a fundamental sector in generating human capital for the county's developmental and economic needs as well as the development of training programmes in leadership skills and competences in transformational leadership for the leaders of these institutions.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Transformational leadership is a process in which leaders and followers help each other to advance to a higher level of morale and motivation (Burns, 1978). Such leadership empowers followers to exude exceptionally high employee outcomes and as a result better organizational performance. High leader-member relations or how much followers trust and respect their leader and are willing to follow his or her guidance is linked to positive follower outcomes (Wang et al., 2005). In a dynamic environment, organizational strategy, management systems, structure and technology are said to be critical elements in creating a competitive advantage for organizations. Transformational leaders are concerned with how these elements interact with each other to ensure improved performance.

The theory of transformational-transactional leadership is a relatively new leadership paradigm that was proposed by Burns (1978) and later developed by Bass (1985) to include among other things models and characteristics of a transformational leader. Contingency theories of leadership and the leader-member exchange theory determine how a leader's situation as well as his or her relationship with followers shapes the organizational performance particularly in times of change. Both the behavioural theory of change and the social learning theory tend to influence the relationship between a transformational leader and his or her followers. Transformational leaders are essentially change agents (Mokgolo et al., 2012) and, as such, borrow heavily from known change models in managing effective transformation in organizations.

In the last decade the higher education sector in Africa has been facing one crisis after another, especially from a funding perspective. In Kenya the crisis has been characterised by dwindling Exchequer funding especially for public universities, pressure by both the Government and the public to increase student enrolment, clamour by Unions for increased staff salaries, demand for quality service, inadequate quality manpower, and generally increased exposure to market forces due to competition. Thus universities in Kenya have been operating in a very dynamic environment both internally and externally.

The demand for quick, efficient and secure service delivery to clients as well as other stakeholder expectations requires reforms in the management and governance style of these institutions. These challenges have forced managers of Higher Education Institutions (HEIs) and the Government to adopt new ways of conducting business (Nyaigotti-Chacha, 2004). Therefore, the quest for institutional survival and growth means that universities cannot escape the need to change in response to external pressures and funding opportunities (Dearlove, 1995). These circumstances underscore the crucial role of leadership and management in maintaining morale, enhancing productivity and helping staff at all institutional levels to cope with the challenges.

How a university copes with these challenges depends on a number of key factors: the quality of leadership in the university, the vision and strategic direction of the university, the existence of appropriate systems and culture to ensure efficiency and effectiveness of service delivery, and the extent to which the national higher education environment is enabling among many other factors. Leadership has a great influence on organizational change and successful change management practices are crucial to organizational survival in the present highly competitive and continuously evolving business environments (Rune, 2005). Transformational leaders are known to reduce the effects of uncertainty and change and positively affect a wide range of individual and organisational outcomes in a variety of contexts, including business, the public sector and education (Mokgolo et al, 2012).

### **1.1.1 Transformational Leadership**

According to Robbins (2000), leadership is the ability to influence a group towards the achievement of goals while Hicks & Gullet (1975) say that leadership is getting other people to follow one towards a common goal. A leadership style that motivates and empowers followers to work for transcendental goals, to increase their commitment to the organization and in so doing perform beyond the expectations that the followers have for themselves (Hancott, 2005) is termed transformational leadership. Transformational leadership is a process in which leaders and followers help each other to advance to a higher level of morale and motivation, creating significant changes in the lives of people and organizations (Burns, 1978).

Hancott (2005) and Pieterse et al (2010) say that transformational leadership is a style of leadership that transforms followers to rise above their self-interest by altering their morale, ideals, interests and values as well as motivating them to perform better than initially expected. Transformational leaders give respect to and empower their followers to exude exceptionally high effort, high commitment and willingness to take risks (Senior and Fleming, 2006). Kotter (1996) states that leadership is about coping with change and, to achieve this goal, leaders establish the direction by developing a vision of the future, communicating that vision to their followers and inspiring them to overcome hurdles.

Transformational leadership has been explicitly defined around the concept of change and changing an organization requires creating a new system and then institutionalizing the new approaches to make them the way of life in the organization. Transformational leadership is considered to be crucial in the transformation of individuals, groups and organisations, as well as the successful functioning of these entities. Thus, transformational leadership is regarded as the key to successful management of organisational change.

Transformational leaders exude certain characteristics or elements that make them stand out. These elements as developed by Bass (1985) are idealized influence; inspirational motivation; intellectual stimulation and individualised consideration. Idealized influence or charisma is based on the behavioural traits of a leader that promotes one's followers' commitment in order to tap their full potential (Doherty and Danylchuk, 1996). Inspirational motivation is the ability of a leader to gain followers' confidence through communication of one's expectations, vision and values. Intellectual stimulation refers to the ability of a leader to stimulate one's followers to be more curious and creative in thinking and problem solving; it is creating an enabling environment for innovation, creativity and continuous learning (Bass, 1985, Doherty and Danylchuk, 1996). Individualised consideration or taking interest in individual members while acting as a mentor or coach entails providing support for the individual needs and development for employees (Pieterse et al, 2010). This study tries to understand how transformational leadership has been applied in universities in Kenya.

### **1.1.2 Organizational Characteristics**

Although there is no agreed upon definition of an organization, there are some commonly accepted features of organizations such as strategy, size, processes, people, systems and structure that have been considered as key elements of an organization (Cole, 2004). An organization is a social entity whereby individuals and groups interact within a formal structure created by the management to establish a relationship between individuals and groups, to provide order and systems and to direct efforts to carry out goal-seeking activities (Senior and Fleming, 2006). Of concern to transformational leaders, however, is how well the key elements of an organization interact within a dynamic environment to achieve the set goals and objectives of the organization. The correct strategy matched with the right structure, enabling systems and technology will guarantee organizational efficiency. According to Duck (1993) and Givens (2008) transformational leaders ought to understand the context within which they operate. This study takes strategy, structure, systems and technology as the key elements that transformational leaders should concern themselves with during transformation.

Structure is the way people are grouped and their work coordinated and controlled; it refers to an organization's internal patterns of relationships, arrangement of tasks, roles, authority and communication (Pettigrew, 1979, Robbins, 2000 and Wang et al., 2005). Ansoff and McDonnell (1990) state that structure evolves with time in response to the dual challenges of external diversity and internal complexity of an organization. Structure acts to create separate entities for different work groups and has a major bearing on the communication and effectiveness of these entities (Lawrence and Lorch, 1967). Organizational leadership faces constant challenges of trying to maintain a competitive organization. Transformational leaders are said to constantly scan the environments within which they operate, the services and products they offer and the behaviour of their competitors. As they do this they also maintain an internal structure to ensure that organizational objectives are met. The internal organizational structure therefore is critical to transformational leaders as it determines individual and organizational performance.

Burns and Stalker (1961) give two polar extremities of organizational structure: organic and mechanistic. They further state that organic structures are relatively flexible and adaptive, they emphasise on lateral rather than on vertical communication, influence is based on expertise and knowledge rather than on authority of position, they have loosely defined responsibilities rather than rigid job descriptions, and they exchange information rather than give instructions. Mechanistic organizations are characterized by high complexity, formalization, and centralization. They perform routine tasks, rely heavily on programmed behaviours, and are relatively slow in responding to the unfamiliar. The mechanistic structure has been adopted for this study. The choice was informed by Robbins (2000) argument that the dimensions of structure that have received more attention than any others and also are of concern to leadership as they impact on performance are formalization, centralization and complexity.

Formalization refers to how job descriptions, rules, and procedures within an organization are standardized. Researchers have noted that formalization specifies how, where and by whom tasks within an organization will be performed (Burns and Stalker, 1961 and Robbins, 2000). The researchers further state that high levels of formalization are beneficial as they eliminate ambiguity; however, they may limit employee decision-making discretion thus reducing creative and proactive behaviour. Centralization is the degree to which decision-making is concentrated at a single point in the organization. A high level of centralization means that decision-making is by those in authority and this has a likelihood of placing cognitive demands on individuals.

According to Mintzberg (1979) no person has the monopoly of information on all decisions taken, particularly those made in complex organizations. Complexity refers to the degree of differentiation that exists within an organization. Organizations with many levels, broad spans of control and several spatial dispersions are said to be complex. Whereas complexity is considered appropriate for organizations that compete in highly differentiated environments, it is also known that high levels of complexity hinder the coordination and control of decision-making (Burns and Stalker, 1961, Lawrence and Lorsch, 1967 and Miles and Snow, 1978) and this may impact on performance.

Strategy is the determination of the basic long-term goals and objectives of an organization, adoption of courses of action and the allocation of resources necessary for carrying out these goals (Robbins, 2000). According to Kibera (1996) strategy is the direction and scope of an organization over the long term, which achieves advantage through its resource allocation within a changing business environment and to fulfill stakeholder (customers, competitors, creditors and the government) expectations. It can also be seen as the broad way in which an organization seeks to maintain or improve its performance. Scholars have argued that the characteristics of strategic decisions are that they are complex in nature, they may be made in situations of uncertainty, they may demand that the leadership takes an integrated approach to the management of organizations, they may impact on outside networks of the organization, for example with suppliers and customers and that they may involve change within an organization (Aosa, 1992, Kibera, 1996 and Johnson and Scholes 2002).

As environmental turbulence increases, strategic issues that challenge how organizations plan and implement strategy emerge with greater frequency and bring to question management responsibilities, balance of power and decision-making within the organization. Researchers have argued that strategy is about competitiveness, Aosa (1992) posits that the main reason an organization will adopt strategy is to enable it gain an edge over its competitors. This is supported by Thompson et al (2006) who argue that organizational strategies include competitive moves and business approaches that managers adopt to attract and please customers, succeed, attain business growth and achieve their objectives. Previous researchers have conceptualized business strategies in various ways such as Porter's (1982) differentiation and low-cost strategies and Miles and Snow's (1978) typology of prospector, analyzer, defender and reactor strategies. Both these typologies have been equally favoured by researchers and have been widely used to describe strategies used within given industries in Kenya.

Miles and Snow (1984), in their typology of competitive strategies, argue that firms in general develop relatively stable patterns of strategic behaviour in order to accomplish a good alignment with perceived environmental conditions. However, very few studies

have applied this important tool within the higher education sector in Kenya. This research has opted for the Miles and Snow typology to measure the type of strategy adopted by universities in Kenya. Miles and Snow (1978) describe the various strategies in their typology as prospector, defender, analyzer and reactor.

The prospector strategy is characterised by product innovation, a visionary view, high-risk orientation, search and response to new opportunities. It is used in organizations that continually search for new market opportunities and regularly experiment with potential responses to emerging environmental trends. It takes advantage of any new opportunities brought about by environmental changes and seeks to pioneer the development of new products and services. The defender strategy is applied in organizations that hold a conservative view of new product development, typically competing on price and quality rather than on new products or markets and devoting primary attention to improving the efficiency of their existing operations; in short, they seek better performance on a limited number of core products and services.

Analyzers represent an intermediate category, sharing elements of both the prospector and the defender. Analyzers are rarely first movers but, instead, watch their competitors closely for new ideas, and rapidly adopt those which appear to be most promising. The reactor strategy is associated with organizations whereby top managers frequently perceive change and uncertainty in their organizational environments but lack a consistent and stable strategy. A reactor seldom makes adjustments of any sort until forced to do so by environmental pressures.

Technology is the information, equipment, techniques and processes required to transform inputs into outputs in an organization. It is the penetration of activities, adaptation and routinization of technology into the organization processes as dictated by the organization's environment. The employment of technology (adoption and use) can be a powerful driver of transformation. It is noted that the unified theory of the acceptance and use of technology in an organization is dependent on user perceptions of performance expectancy (perceived usefulness), effort expectancy (perceived ease of

use), social influence (social factors and image) and facilitating conditions (organizational and technical infrastructure existing to support use of technology) further that the behavioural intentions to adopt technology in an organization are positively impacted by perceptions of the key leadership (Venkatesh et al., 2003). Neufeld et al (2007) state that this theory helps leaders understand the drivers of acceptance of technology and proactively design interventions for its implementation.

Hackler and Saxton (2007) argue that the effective utilization of technology is in an organization's potential to build relationships and communicate with clients and other external stakeholders via electronic networks. Technology has the potential to drive transformation in organizations. Transformational leaders are said to be key contributors to the adoption and use of technology in organizations (Leng, 2008). According to Venkatesh et al (2003) the behavioural intentions to the adoption and use of technology in an organization are positively impacted by perceptions of the key leadership in the organization.

Systems are the standardized policies and mechanisms that control employee behaviour and facilitate work within an organization. They are primarily manifested in the organization's reward system, management information systems, performance appraisal, goals, budget development and human resource allocation (Burke and Litwin, 1992 and Bradach, 1996). Flamholtz (1983, 1996) and Flamholtz et al (1985) refer to these systems collectively as the organizational control systems. Given the different ways in which the term organizational control has been used, it is at times difficult to differentiate between control, leadership, influence and power or any other such construct (Flamholtz et al, 1985). Therefore, they define an organizational control system as a mechanism (process and techniques) designed to increase the probability that people will behave in ways that lead to the attainment of organizational objectives.

People in an organization have different interests, tasks and perspectives that ought to be integrated and directed to achieve personal and organizational goals. The purpose of the control systems is to harness employee potential, align their individual goals to those of the organization and motivate them to achieve and sustain high levels of performance. Flamholtz et al (1985) propose that as control systems focus on any aspect of employee behaviour that has to do with the achievement of organizational objectives they should be designed with care to avoid chaos or unnecessary bureaucracies.

This study adopts the view by Flamholtz et al (1985) that organizational control is goal oriented with the intention of making people in an organization take decisions that are in line with those of the organization. They posit that organizations and individuals are purposeful goal-seeking entities whose goals are not necessarily congruent and could at times conflict. Control systems, therefore, are techniques and processes employed by management targeting employee behaviour in a way as to achieve goal congruence. Goal congruence is seen as a more powerful theoretical foundation for achieving organizational effectiveness than either actions or outcomes congruence. This is due to the systems characteristics of equifinality as well as lack of total control over outcomes by any entity whether individual, group or organization.

Organizational control has been viewed from different theoretical perspectives; Flamholtz et al (1985) integrated frameworks from the sociological, administrative and psychological views of control and proposed a model that recognizes the open systems view of organizational control. The model by Flamholtz et al (1985) consists of a core control system that is embedded in the wider context of organizational structure and culture or the context control system. The core control system has its focus on the human system within organizations. It is made up of four elements: planning, measurement, feedback and evaluation-reward (Flamholtz, 1983, 1996 and Flamholtz et al,1985). The core control system is of interest to this study as it includes all the mechanisms of control that appear to directly influence individual or group behaviour to achieve organizational goals.

Planning involves the setting up of goals and establishing the targets for each goal. It directs employee behaviour as well as promote goal congruence. Systems that fall under planning are all activities that involve resources allocation like financial, human, physical, technological. Measurement includes the rules and information that influence work behaviour. Systems under measurement will include appraisals, audits, performance contracts and all other aspects of measurement in place in an organization. Feedback refers to the information on work goal accomplishment; it directs and motivates employee performance. The effectiveness of feedback depends on its quality, timeliness, clarity, specificity, relevance to tasks and the nature of the feedback (positive or negative).

Evaluation-reward is the final control mechanism of the core control system. Evaluation involves assessing performance based on the information received through the measurement system. It determines the type of rewards to be given based on an individual's achievement of set goals. Rewards are outcomes of desired behaviour and they could be extrinsic or intrinsic. Extrinsic rewards are given after the completion of a task while intrinsic rewards are outcomes that may be received by an individual independent of the evaluation process. Individuals' involvement in the evaluation process will increase reward acceptance and enhance perceptions on reward contingency. The effectiveness of the evaluation-reward as a control mechanism in influencing behaviour and hence improved performance depends on employees' perception of the reward contingency, reward equity and timely reward delivery. Studies have shown a relationship between rewards contingency perceptions and higher employee performance outcomes (Terborg and Miller, 1978 and Flamholtz (1996).

While analyzing organizational characteristics, it is important for the leadership to be cognisant of the fact that problems of transformation in organizations could be viewed in a dichotomous manner as being those that are structure oriented like strategy, processes, organizational design, and systems or those that are people oriented and relate to behavioural factors such as organizational culture, climate, motivation and values (Gibson et al, 1996). Nadler and Tushman (1995) state that when an organization is undergoing transformation, its structure and people are affected by the change hence the

importance for leaders to understand how these components interact during a transformational process and how they should be aligned to avoid behavioural or systems related resistance that may hinder organizational performance (Rune, 2005).

### **1.1.3 Employee Outcomes**

Job-satisfaction, commitment to the organization and OCB are some of the workplace employee outcomes associated with transformational leaders. Scholars have posited that nearly all studies that involve the transformational-transactional theoretical framework for leadership claim that one of its most significant outcomes is employee motivation and commitment that lead to the extra effort needed for organizational transformation. Further that the high levels of personal commitment to organizational goals and the concerted effort to meet these goals are assumed to result in extra efforts and greater productivity (Bass, 1985, Yulk, 2002 and Nguni et al, 2006). According to Nguni et al (2006), extensive research undertaken in different countries and in a variety of organizational contexts, both educational and non-educational, shows that transformational leadership affects employee attitudes, efforts and in-role performance including job satisfaction, organizational commitment and OCB.

Job satisfaction has been seen as an attitude rather than as a behaviour. It has been defined differently by different scholars. Robbins (2000) related job satisfaction with rewards and as such defined it as a general attitude towards one's job the difference between the level of rewards workers get and the level of rewards they believe they should get. Locke (1976) and Givens (2008) defined job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job and job experience; it stems from the follower's perception that the job actually provides what he or she values in the work situation. It is an individual's overall feeling about one's job and one's attitudes towards various aspects or facets of that job, as well as an attitude and perception that can influence the degree of fit between the individual and the organization (Mokgolo et al, 2012).

Previous studies have measured job satisfaction as having two distinct facets: intrinsic job satisfaction which is the level of satisfaction associated with aspects of the job itself and extrinsic job satisfaction which is the level of satisfaction associated with the environment in which the job is performed (Bogler, 2001). This study defines and measures job satisfaction as a general construct. Empirical studies in educational and non-educational contexts have shown that transformational leadership influences job satisfaction (Bogler, 2001, Nguni et al, 2006 and Sadeghi and Pihie (2013). Job satisfaction has been studied as both an outcome variable (Bateman and Organ, 1983, Podsakoff et al, 1990 and Sadeghi and Pihie, 2013) and as an antecedent variable (Nguni et al, 2006). This study considers job satisfaction as antecedent variable to organizational performance.

Commitment is the identification with the values and goals of the organization, the willingness to exert effort on behalf of the organization, and the desire to stay in the organization. According to Porter et al (1974) and Bass (1985) organizational commitment is the relative strength of an individual's identification with and involvement in a particular organization. Meyer and Allen (1998) defined organizational commitment as a psychological state that characterises the employee's relationship with the organization saying that it has implications to the employee's decision to continue as a member of the organization. According to Wang (2007) organizational commitment is the employee's attachment to, goal congruency with, identification with, acceptance of and loyalty to the organization.

Meyer and Allen, (1984; 1998) conceptualized organizational commitment as having three dimensions: affective commitment (a desire by an individual to stay with an organization), normative commitment (a need by an employee to stay with an organization) and continuance commitment (an obligation for one to stay with an organization). In this study, commitment will be measured as a one dimensional construct of affective commitment. Affective commitment is concerned with the extent to which employees are emotionally attached to, identify with and are involved with an organization. The self-identification with the organization views commitment as a

behavior where there is an effective level of attachment to the employing global response of organizational citizenship whereby a person identifies with the whole organization (goal congruence) rather than with alternative targets such as units, departments or individuals.

OCB is extra role behaviour that is said to have a positive impact on follower performance (Boerner et al, 2007). It is a behavior that is largely discretionary and seldom included in job descriptions of employees. However, according to Nusair et al (2012) OCB supports performance by enhancing a social and psychological work environment and has positive benefits for both the organization and staff. Examples of such employee attributes include safe handling of an organization's assets, assisting co-workers in difficulties even before they are attended to by the organization, jealously promoting the organization's interests while defending any attempt to undermine them by adversaries, and working extra time to ensure that the required production levels are achieved.

Wang et al (2005) posits that OCBs comprise a helping selfless behaviour by an employee. These behaviours stimulate performance and empower followers. They include altruism which is behaviour usually aimed at a specific person, conscientiousness which is an impersonal behaviour that manifests itself as faithful adherence to the role about work contest aimed at preventing problems to fellow workers, sportsmanship which is the willingness to fore-bear minor and temporary personal inconveniences for the sake of the organization or other employees, civic virtue which is the responsible and constructive organization and courtesy or being polite to others.

#### **1.1.4 Leader-Member Relations**

Fieldler (1967) and Luthans (1992) state that leader-member or leader-follower relationship are the extent to which a leader has support of one's followers. It manifests itself in the way the followers do what the leader tells them, the degree of trust and respect existing between them and the extent to which the followers agree with the leader's decisions. This view of organizational leadership focuses on how one-on-one reciprocal social exchanges between leaders and followers evolve, nurture and sustain a

dyadic relationship (Wang et al, 2005). They further argue that this two-way reciprocal exchange between the leader and the follower is premised on the notions of role making, social exchange, reciprocity and equity. They further state that there is a reciprocal process in the dyadic exchange between leaders and followers and that each party brings to the relationship different kinds of resources for exchange. The nature of the leader-member relationships impacts on follower performance given the high degree of mutual trust, attachment patterns, respect and obligations present in the relationship (Whittington, 2002).

Researchers have described trust in leadership as operating according to a social exchange process whereby followers see the relationship with their leader as going beyond the standard economic contract such that the parties operate on the basis of trust, goodwill, and the perception of mutual obligations. Another aspect of leader-member relationship that is of concern is the attachment pattern of followers to their leaders (Avolio, 1999). Whittington (2002) states that attachment patterns may be central to an individual's effectiveness and satisfaction in work activities, strongly influence the needs of the followers and how they perceive their leaders; most secure followers are likely to perceive their leaders as transformational (Avolio, 1999).

The interpersonal trust that exists between a leader and one's followers is the expectancy held by the follower that the leader can be relied upon (Givens, 2008). The social exchange theory is a useful framework for understanding these relationships. The theory states that when subordinates trust their managers, they are likely to have a history of successful exchanges (Whitener et al, 1998). Wang et al (2005) posit that this approach is best exemplified by the leader-member exchange (LMX) theory which states that leaders create in-groups and out-groups, and subordinates with in-group status will have higher performance ratings, a lower employee turnover and a greater satisfaction with their leader than the out-group members (Robbins, 2000). Members of in-groups exhibit high quality exchange characteristics while members of out-groups exhibit low quality exchanges. The quality of these leader-member relations is related to productivity, employee satisfaction and employee turnover (Scandura and Graen, 1984).

When leader-member relations are explained within the transformational-transactional theory, very close lines are drawn between leadership behaviour and the strength of the leader-member relationship. Wang et al (2005) argue that leaders exercising formal authority and allocating standard benefits in return for standard job performance characterize low-quality exchanges. The exchanges underlying these relationships are predominantly quid pro quo and “contractual”. However, in high-quality LMX relationships, social exchange is moved to a higher level, nourished by mutual trust, respect, and obligation. Further that, in high-quality exchange relationships, a leader appeal to the higher-order social needs of followers by getting them to place collective interests over short-term personal gratification. Consequently, employees who are involved in high-quality relationships with their managers should perform at higher levels and go the extra mile to help their managers and peers. In this study the indicators of leader-member relationships of trust and attachment patterns are considered element of LMX (Schriesheim, 1999).

### **1.1.5 Organizational Performance**

Peacock (1995) and Pounder (2001) hold the view that there is no agreed upon definition of organizational effectiveness or performance and suggest that conflicts between managerial perspectives of success should be considered. Pounder (2001) states that this is particularly so within the higher education sector where attempts to develop models of organizational effectiveness applicable to universities have not been forthcoming despite a worldwide call for universities to demonstrate “value for money” performance. In spite of Pounder (1997) using the competing values framework of organizational effectiveness proposed by Quinn and Rohrbaugh (1981, 1983) to develop an organizational effectiveness self-rating scale for institutions of higher education in Hong Kong, he is still of the view that there is an apparent lack of an appropriate model for measuring organizational performance in universities.

Consequently, research on university leadership and performance tends to assume the conventional profit-making businesses, rather than looking at the main areas that cover the activities of universities like institutional sustainability and academic profile. Despite this state of affairs, scholars have argued that universities are no different from other organizations in that they have to balance a variety of seemingly contradictory pressures and demands in their external and internal environments in order to perform effectively (Pounder, 2001).

Organizational performance is a complex multidimensional phenomenon for which researchers have used different perspectives to measure. McNamara (2008) states that organizational performance involves recurring activities that establish organizational goals, monitors the progress towards the goals and makes adjustments to achieve the goals more effectively and efficiently. It can therefore be argued that organizational performance can be judged in terms of whether or not an organization has achieved the objectives set before it. McNamara (2008) further states that a measure of organizational performance is an understanding of the relationship between economic inputs and outputs. Armstrong (2006) agrees with this view and posits that performance relates not only to what has been achieved but also on how it has been achieved, meaning that organizational performance is more than the quantified outputs only.

Kaplan and Norton (1992) through the Balanced Score Card (BSC) support this broad view of performance by extending the considerations of organizational performance beyond the outputs to include related input factors. The Kaplan and Norton concept gives emphasis to the various stakeholders as well as the organization's capability to sustain itself into the future. Richard (2009) argues that organizational performance should not be measured in terms of financial profitability, market share and return on investment only, but should encompass quantitative and qualitative parameters. This statement fits well with the definition of the BSC that, according to Chen (2010), is a model that integrates financial and non-financial strategic measures.

According to Kaplan and Norton (1996) the BSC is different from other strategic measurement systems in that it contains outcomes and the performance drivers of outcomes that are linked together in cause-and-effect relationships. The two have argued that traditional financial accounting measures (like return on investments and equity per share ) offer a narrow and incomplete picture of organizational performance. They therefore suggest that financial measures be supplemented with additional measures that reflect customer satisfaction, internal business processes and the ability of an organization to learn and grow. Given the nature of academic work that may not be measured using commercial criteria only, this study adopted the BSC to measure the performance of universities in Kenya.

#### **1.1.6 Universities in Kenya**

University education in Kenya dates as far back as 1922 when the then Makerere College in Uganda was established as a small technical college to meet higher education needs of the then three East African countries: Kenya, Uganda and Tanganyika. Almost half a century later in 1970, the University of Nairobi was established as the first public university in Kenya (Nyaigotti-Chacha, 2004). In the mid-1980s it was obvious that the demand for university education in Kenya exceeded the capacity of the University of Nairobi. This demand led to the establishment of three universities between 1984 and 1988: Moi University, Kenyatta University and Egerton University. From then on university education in Kenya has expanded and this is shown by the increase in the number of universities and in student enrolment. As in April 2014 there were 66 universities in Kenya: 39 chartered, 11 operating with a Letter of Interim Authority (LIA), 2 registered and 14 constituent colleges (9 public and 5 private) with a total student population of over 450,000 as opposed to 32 universities ten years previously with a total student population of 95, 283.

University education in Kenya has gone through major reforms in the last ten years. The most recent direction for the sub-sector was provided by the Transformation of Higher Education and Training in Kenya report of the Public Universities Inspection Board (Kinyanjui, 2006) and the National Strategy for University Education (Wandiga, 2007). The enactment in August 2010 of the new constitution for Kenya had major implications on university education and particularly the enactment of the Education Act No. 42 of 2012. The Act specifies the universities' obligation to the people of Kenya and indicates to whom they are accountable (Kinyanjui, 2006). Prior to the Universities Act, public universities were established and governed by individual acts of Parliament while the private universities were established through accreditation by the Commission for Higher Education (CHE). The new act (2012) has created a uniform platform for university education in Kenya by providing the legal framework for the establishment, governance and management of all universities both public and private. The act mandates the Commission of University Education (CUE) to grant universities authority to operate as a way of harmonising supervision, external quality assurance, setting standards for operation and monitoring performance.

As of April 2014, there were 39 chartered universities, 11 universities operating under Letter of Interim Authority (LIA) from CUE and 2 registered private universities. This brings the total number of universities in Kenya that offer their own degree programmes to 52. These can be defined as fully fledged as opposed to the constituent colleges that offer degree programmes of their parent university. The fully fledged universities in Kenya are the focus of this study. Of the chartered universities, 22 are public and 17 are private while all those with LIA are private ([www.cue.or.ke](http://www.cue.or.ke)). These universities cut across different geographical locations within the republic and offer a wide variety of courses.

An increasing recognition of higher education's economic and social value supports the argument that universities play an important role in influencing human capital development of a country. Economically, higher education plays an important role in the production and distribution of national income and, socially, many of the social indicators of development improve once the level of education increases. According to Varghese

(2013) the recognition of higher education's economic and social value supports the argument for an expanded higher education that less-educated people are better off in a well-educated society than in a society with a mediocre level of education. Which in a sense justifies the expansion of higher education in any country even when its effects are unequally distributed and Kenya is not an exception. This expansion comes with challenges that impact on both the employees and performance of the institutions. The leadership in these institutions is critical in managing the transformation towards success and for creating academic excellence. To realize this goal, universities need proactive leadership and a motivated workforce.

## **1.2 Research Problem**

Research on leadership has dedicated a lot of effort in demonstrating the superiority of transformational leadership over other leadership styles in predicting organizational performance (Hancott, 2005). The literature indicate that transformational leaders are change agents and as such play a critical role during organizational transformation by managing employee relationships, coordinating mechanisms for change, aligning operations with strategy, building structures and developing work systems. These are critical factors in determining performance in an organization. Transformational leadership has been linked to high level employee outcomes such as job satisfaction, commitment to an organization, trust in a leader, a variety of organizational citizenship behaviours and organizational performance. Further, transformational leadership leads to a high quality leader-member relationship.

In the recent past, university education in Kenya has undergone tremendous expansion in that as in April 2014 there were 52 fully fledged universities compared to 16 ten years earlier. The rapid expansion of universities in Kenya coupled with an economic as well as social demand for university education has brought about a number of challenges. Increased access, ranking of universities, the flood of students in search of market-driven courses, staff retention and increased competition for quality students from local and overseas universities are some of the challenges (Nyaigotti-Chacha, 2004 and Mwangi et al, 2011).

The change that brought about by the rapid expansion as well as the demand for quality service has put a strain on employees of universities in Kenya. This coupled with competition for both students and teaching staff among universities has over-stretched facilities and resources in nearly all the universities. Faced with this situation, universities are responding through various strategies that include the introduction of innovative courses to attract students, the establishment of new campuses for a wider catchment area, the use of different modes of delivery and the employment of technology in their management processes and systems.

The transformational-transactional leadership theory postulates that a transformational leader emerges more strongly and effectively in situations of crisis or uncertainty, like those that have occurred within the higher education sector in Kenya as a result of the challenges referred to above. To be competitive in this environment, therefore, universities need to reform in terms of their academic programs, leadership style, and infrastructure both physical and technological. Such reform requires a determined leader whose vision and support make possible the success of the reform strategies and transformational leaders fit the description (Mwangi et al, 2011).

Several studies have been done in the areas of transformational leadership and factors that affect its impact on organizational performance with varied results. For instance, Podsakoff et al (1996) examined the effects of transformational leadership behaviours within the context of substitutes for leadership as determinants of follower criterion (employee satisfaction, commitment, trust and organizational citizenship behaviours). The results of this study showed that transformational leader behaviours and substitute for leadership each had unique effects on follower criterion, that the total amount of variance accounted for by the substitutes for leadership and transformational leader behaviour was substantially greater than that reported in prior research, and that several of the transformational behaviours were significantly related to some of the substitutes for leadership variables. The results further showed that some substitutes for leadership moderated the relationship between transformational leader behaviour and employee criterion. The study Podsakoff et al (1996), however, did not show if transformational leadership behaviours influenced organizational performance.

A study by Ross and Offermann (1997) that sought to examine the personality traits associated with transformational leadership and if transformational leadership had an effect on organizational performance when performance was measured using objective criteria obtained from academic, athletic, or military areas. The study found strong support for predictions that personality attributes can distinguish transformational leaders from other types of leaders. The study revealed no significant relationships between transformational leadership and the objective criteria of performance. The study however did not use performance measures that can be verified and quantified as proposed in the current study. Pillai and Williams (2004) conducted a study in a Fire Department in the USA to establish the relationship between transformational leadership, commitment and performance. The results revealed that transformational leadership was related to unit performance and commitment. However, the study did not establish the influence of the leader behaviour on other employee outcomes or any other factors that complement transformational leadership.

Hancott (2005) investigated the relationship between transformational leadership and organizational performance in 100 of the largest public companies in Canada using an organization's stock performance as the measure of performance. The study revealed that transformational leadership is a common leadership style practiced by leaders of the best performing public companies in Canada. However, the study did not conclusively show a relationship of transformational leadership on performance. Additionally, the measure of performance used in this study is currently not relevant to universities in Kenya since they are not listed on the securities exchange.

Wang et al (2005) conducted a study to test whether LMX mediated perceived transformational leadership behaviour, followers' task performance and OCB using leader-follower dyads in an organization in China. The results of the study showed that LMX fully mediated the relationships between transformational leadership, task performance and OCB. The study however did not investigate the impact of this relationship on the overall organizational performance or on any other follower outcomes like job satisfaction. Mwangi et al (2011) conducted a survey on the significance of

emotional intelligence on transformational leadership in public universities in Kenya; the results established that there is a relationship between emotional intelligence and transformational leadership. However, trust and respect for the leader as well as openness to change and new ideas that are elements of transformational leaders did not show significant relationships. The impact of this relationship on performance of the followers or that of the universities was also not investigated.

A study by Afshari et al (2012) examined the relationship between computer competence, computer use and transformational leadership role of principals in implementing ICT in schools. The respondents in the study were principals from 320 schools in Iran. The findings showed that computer competence was significantly linked to transformational leadership and that there was a strong and positive correlation between computer use and transformational leadership. However, this study did not investigate the impact of ICT use on performance.

Another study conducted by Mokgolo et al (2012) in the South African public service to determine whether transformational leadership has a beneficial relationship with three variables, subordinate leadership acceptance, job performance and job satisfaction, established a positive correlation between transformational leadership and the three variables. The study however did not examine other constructs related to the effectiveness and outcomes of organizations like OCB and employee commitment or organizational characteristics as proposed in this study. Finally, a study by Sadeghi and Pihie (2013), to examine the leadership style employed by departmental heads in improving lecturers' job satisfaction in three leading Malaysia's research universities, established that transformational leadership improves lecturers' job satisfaction more than other leadership styles. The impact by the vice-chancellors was not investigated.

Studies conducted the world over seem to support the relationship between transformational leadership and performance. However, studies on other factors that may mediate or moderate this relationship like organizational characteristics, employee outcomes or leader-member relations yielded conflicting results not to mention that they

are limited. Transformation in an organization affects both the organization and the individual and none of the previous studies has combined these variables as a whole in this unique manner to address their effect on performance. Furthermore, very few studies have examined the variables within universities or in the Kenyan context.

This study therefore sought to determine the influence of transformational leadership on the organization, employees and performance of universities in Kenya. It attempted to answer the following three questions. First, what are the factors that influence the relationship between transformational leadership and performance of universities in Kenya? Second, is the effect of transformational leadership and performance of universities in Kenya direct or is it mediated by other factors? Third, are there factors that moderate the relationship between transformational leadership and employee outcomes of universities in Kenya?

### **1.3 Research Objectives**

The main objective of the study was to determine the impact of organizational characteristics, employee outcomes and leader-member relations on the relationship between transformational leadership and performance of universities in Kenya. The specific objectives of the study were to:

- i. determine the relationship between transformational leadership and the performance of universities in Kenya,
- ii. determine the relationship between transformational leadership and organizational characteristics of universities in Kenya,
- iii. determine the relationship between transformational leadership and employee outcomes of universities in Kenya,
- iv. establish the influence of leader-member relations on the relationship between transformational leadership and employee outcomes of universities in Kenya,
- v. establish the effect of organizational characteristics on the performance of universities in Kenya,
- vi. establish the effect of employee outcomes on the performance of universities in Kenya,

- vii determine whether the relationship between transformational leadership and the performance of universities in Kenya is direct or it is affected by either organizational characteristics or employee outcomes, and
- viii establish the strength of the joint effect of transformational leadership, organizational characteristics, employee outcomes and leader-member relations on the performance of universities in Kenya.

#### **1.4 Value of the Study**

The value of this study is threefold. First, it hopefully will contribute to knowledge on the effect of transformational leadership on performance and factors that influence this relationship. The results of the study support and extend the transformational-transactional leadership theory that transformational leadership influence performance and forms a basis for future research. Understanding the relationships among various variables related to transformational leadership, employee behaviour and organizational performance is important as it enables leaders to adopt transformational strategies that maximize on performance.

Second, the study hopes to add to the practice of leading and managing successful transformation in organizations and provides an understanding of the activities necessary for the transformation. Clarification of the role of transformational leadership on performance will provide university managers with an understanding of the transformation processes and how they can be leveraged to ensure success.

Third, universities are major contributors of skilled manpower in Kenya that help in building the country's economy; hence, the study contributes to the development and implementation of policies that assist in the improvement and development of best transformational leadership practices to achieve these objectives. The study results would hopefully enable the higher education sector develop policies that tie leadership with performance that are key to good governance.

## **1.5 Thesis Organization**

This study is organized in five chapters. Chapter one is the introduction and covers the background of the study including a brief synopsis of the study variables, the statement of the problem, study objectives, the significance of the study and the organization of the thesis. Chapter two deals with a review of the relevant literature related to the study and it covers the theoretical framework and previous studies on the concepts of transformational leadership, organizational characteristics, employee outcomes and leader-member relations and their effect on organizational performance. A summary of previous study gaps, a conceptual framework and hypotheses form the last part of this chapter.

Chapter three covers the research methodology that comprises the philosophical orientation employed in the study, research design, target population, data-collection procedures, the operationalization and measurement of the study variables, the research instrument, data analysis techniques and a summary of hypotheses testing. Chapter four covers data analysis, tabulation, interpretation and discussion of the research findings. Chapter five presents the summary of the findings, conclusion, recommendations as well as implications for policy and for theory. Limitations of the study and recommendations for further research form the last part of the chapter.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This section of the study reviews literature on the key variables of the study. The literature on transformational leadership and its role in the management of transformation in organizations is reviewed. The impact of the transformational leader as the key driver of transformation and how it relates to aspects of organizational characteristics, employee outcomes, leader-member relations and organizational performance is also discussed. From the literature reviewed, a conceptual framework is developed showing the linkages between the various variables of the study. Finally a summary of the chapter is given.

#### **2.2 Theoretical Underpinnings' of the Study**

This study was mainly informed by the transformational-transactional theory of leadership. The behavioural theory, contingency theories of leadership and the social learning theory are introduced and referred to as they all support the transformational-transactional theory of leadership in its application and success in organizations.

##### **2.2.1 Transformational-Transactional Theory of Leadership**

The organizations-environment has become a place of constant change (Burns, 1978) and this has brought about the need for a new leadership notion to define leaders who are able to promote, adapt to, and survive the change. As a result of the changes in the work environment, theorists began to move away from the traditional command and control as well as the technical-skills based models associated with traditional (transactional) leadership towards a more flexible, collaborative and nurturing style, called transformational leadership (Bennis, 1999). This new leadership style has become the ideal style for organisational success (Bass, 1985) and research has been extensively conducted on transformational leadership in the past two decades seeking to support this proposition (Kouzes and Posner, 1990, Tichy and Devanna, 1990 and Yukl, 2002).

The transformational-transactional theory of leadership is one of the most comprehensive theories of organizational transformation. This is a comparatively new leadership paradigm that was proposed in the late 1970s by Burns (1978) in his analysis of political leaders. It was further expounded in the 1980s by Bass (1985) who formulated the formal transformational-transactional leadership theory that among other things includes the model and characteristics of a transformational leader. The transformational-transactional theory of leadership postulates that transactional leadership and transformational leadership are distinct dimensions rather than opposite ends of one continuum and that, while transactional leadership and transformational leadership are closely related parts of leadership, they remain distinct (Doherty and Danylchuk, 1996). Bass (1985) however posits that transformational leadership is an augmentation and extension of transactional leadership and that transformational leaders pick from where transactional leaders reach.

The transactional leadership style develops from the exchange process between leaders and followers wherein the leader provides rewards in exchange of follower performance. Transactional leaders accept the goals, structure and culture of the existing organization and are said to be ineffective in bringing significant change. These leaders can be effective to the extent that they clarify expectations and goals, but they generally neglect to focus on developing the long-term potential of followers (Lievens et al, 1997). Bass (1985) posits that transactional leaders could be identified through leadership behaviours such as contingent reward, active management-by exception and passive management-by exception.

Contingent reward is behaviour whereby followers are rewarded on contractual basis, told what to do to gain rewards, punished for undesired actions, given extra feedback and promoted for good work. According to Bass & Avolio (1993) and Hater & Bass (1988), through the passive management-by-exception behaviour transactional leaders intervene only after the set standards are not met while the active management-by exception behaviour transactional leaders will try to anticipate mistakes or problems. Graham and Bennett (1995) state that transactional leadership is a style of leadership based on the provision to subordinates of resources they need to complete their tasks.

Burns (1978) characterized transformational leadership as that which occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality. According to Givens (2008), Burns believed that transformational leadership could raise followers from a lower level to a higher level of needs in line with the Maslow's (1954) hierarchy of needs. Burns proposition was that transformational leadership would fit into the higher levels of the hierarchy since it requires a high level of authenticity, self-esteem and self-actualization to successfully become a transformational leader.

Bass (1985) refined and expanded Burns' leadership theory by stating that a leader is one who motivates workers to do more than they originally expected to do and to look beyond mundane short-term work requirements (Graham and Bennett, 1995). He was of the view that this kind of motivation could be achieved by raising one's followers' awareness levels about the importance of outcomes and ways to reach them. Bass (1985) further states that leaders encourage followers to go beyond self-interest for the good of the team or the organization. Transformational leaders move beyond simple exchange processes by setting challenging expectations that enable others to achieve higher levels of performance.

Bass (1985) viewed transformational leadership from the perspective of leaders' influence on their subordinates such that they become motivated to surpass their original expectations. A transformational leader has been characterized as one who articulates a positive vision of the future that can be shared with subordinates and among peers, pays a high attention to diversity, and intellectually stimulates subordinates to perform beyond their expectations (Yammarino and Bass, 1990). Transformational leaders believe in the need for change and engage in a process which includes a sequence of phases: recognizing the need for change, creating a new vision and institutionalizing the change (Hancott, 2005 and Mwangi et al, 2011). To be a transformational leader, one must have the ability to change the perspective or cause a paradigm shift in the way followers see a particular situation and elevate followers' needs in line with his/her own goals and objectives. Transformational leadership is vital to effective management because the effectiveness of leaders determines the success of organisations.

Leaders who interact with their followers in a way that is viewed as intellectually challenging, inspirational, sensitively considerate and supportive, and express a mission that is representative of their collective goals are classified as transformational and are often associated with very productive organizations (Hancott, 2005). According to the transformational leadership model by Bass (1998) and Bass and Avolio (1993), transformational leaders exude certain behaviours that influence their followers. The behaviours associated with transformational leaders include idealised influence also referred to as charisma. This behaviour is central to the transformational leadership process and is considered the key component of transformational leadership (Bass, 1985, 1990; Yukl, 2002).

It is a behaviour that describes a leader as a role model to one's followers, encouraging them to share common visions and goals by providing a clear vision and a strong sense of purpose. Idealised influence has both a behavioural aspect of a charismatic leader and an attributed or non-behavioural aspect (Bass & Avolio, 1995). Mokgolo et al (2012) argue that a charismatic leadership influences the performance of organisations in an environment of uncertainty but not in more stable situations and that charismatic leadership behaviours has a positive relationship with employee satisfaction. They further posit that transformational leaders use idealised influence to empower followers, thereby raising the followers tolerance for uncertainty and ability to adapt to new, changing conditions.

Inspirational motivation is behaviour through which transformational leaders try to express the importance of desired goals in simple ways, communicate a high level of expectations and provide followers with work that is meaningful and challenging. The leader's ability to define, articulate and communicate a vision is just as important as the nature of the vision (Hancott, 2005). Bass (1998) defined inspirational motivation as the leader's ability to articulate an appealing vision of the future, challenge followers with high standards of performance, talk optimistically and with enthusiasm, and provide encouragement and meaning for what needs to be accomplished while acting morally and ethically.

Intellectual stimulation is transformational leadership behaviour that challenges followers' ideas and values for solving problems. Through intellectual stimulation, leaders encourage subordinates to question the universality of previous cognitive frames, opening the door for new frames to develop. Transformational leaders know that creativity, knowledge creation and continuous improvement are the only real ways to achieve a sustainable competitive advantage. Hence, they continually challenge old assumptions and ways of doing things, foster creativity, stress the use of intelligence, and stimulate in others new perspectives and ways of doing things (Hancott, 2005). The leader's vision provides the framework for followers to see how they connect to the leader, the organization, each other and the goal; in other words they get the bigger picture.

Individualised consideration is behaviour of transformational leaders that enable them to deal with others as individuals and understand that each person has different needs, abilities, requires personal attention and has the need to feel valued. Transformational leaders do this through spending time teaching, coaching and developing their followers by listening attentively, recognizing and valuing each individual's contributions. According to Bass (1998), individualised consideration makes employees feel that their organisations value them and their need to understand and resolve their personal uncertainties.

Transformational leaders make subordinates feel that they have a calling to work toward a valuable purpose, like building new and larger entities. By considering each subordinate as an individual, transformational leaders can provide support through the change process by facilitating social reconstruction to bring more uniform interpretations to people with separate experience bases. The effect of these transformational behaviours is that employees will be more satisfied with their jobs because they believe that they are doing important work for leaders who value their contributions

According to Burns (1978), the difference between transformational and transactional leadership is what leaders and followers offer one another. He is of the view that transformational leadership is more effective than transactional leadership. Transformational leaders go beyond transactional leaders and motivate followers to identify with a leader's vision and sacrifice their self-interest for that of the organization (Bass, 1985, Hater and Bass, 1988, Howell and Avolio, 1993 and Yammarino, Spangler, and Bass, 1993). Burns (1978) posits that transformational leadership involves transforming individuals, groups and organisations as well as create real and substantive change in profits direction, the attitude of employees and moral elevation. Bass (1985) refined the transformational leadership theory by Burns and held that leaders have the ability to inspire and activate subordinates to perform beyond all expectations and achieve goals that are beyond those originally set.

Despite the popularity of transformational-transactional theory of leadership (1985), it has been criticized for its conceptual weaknesses. Yulk (1999) argued that although transformational leadership is expected to improve organizational performance, it does not address the effect a transformational leader has on organizational processes that are key to organizational performance. He argues that past studies have not sufficiently discussed the causal effect of transformational leadership on the processes that lead to the effectiveness of organizations such as structure, culture, strategy and technology. Another weakness of the transformational theory is its tendency to address only the effect of a transformational leader on individual behaviour and not on the group or organization (Yulk, 1999). He posits that the high inter-correlation of the transformational leader behaviours raise questions on the construct validity of the measurement instrument as well as the omission of other leadership behaviours which contribute to leadership efficiency like delegating, coordinating, networking with peers and promoting organizational learning.

Another criticism is by Pettigrew (1987) and Pawar and Eastman (1997) who are of the view that past studies on the transformational-transactional theory have not sufficiently included the situational variables that may enhance or moderate the transformational

leadership effect on followers. They acknowledge the fact that transformational leaders do not operate in a vacuum and therefore situations like unfavourable environmental conditions, different organizational structures, and organizational culture may impact the effectiveness of a transformational leader. It has also been pointed out that the theory does not identify situations when transformational leadership is detrimental. According to Harrison (1987) followers of transformational leaders can be so motivated such that they experience "burn out". The transformational-transactional theory is said to have a bias towards heroic conceptions of leadership by not giving room for shared responsibility or the followers' individual capacity to perform (Yulk, 1999).

Despite the stated conceptual weaknesses of the transformational-transactional theory, many writers have described the positive aspects of the theory in testing for leadership effectiveness and that there is considerable evidence that transformational leadership is effective. Therefore, the transformational-transactional theory and the Bass and Avolio (1993) transformational leadership model were chosen for the present study as they are most suitable and relevant to the study context. The study includes organizational characteristics namely structure, systems, strategy and technology as a variable as a way of addressing the criticism on organizational processes raised by Yulk (1999) as well as on the situational factors raised by Pettigrew (1987) and Pawar and Eastman (1997).

Transformational leadership dimensions are assessed with the Multifactor Leadership Questionnaire (MLQ) and have generally held up in prior studies through factor analysis (Bass, 1998 and Tejada, Scandura, & Pillai, 2001). Indeed, the results of most survey studies have used the MLQ with positive results. A meta analytical review of 39 studies that had used the MLQ, Lowe, Kroeck and Sivasubramaniam (1996) as quoted by Yulk (1999) found that key elements of transformational leadership correlated positively with follower satisfaction and performance. In this study, the transformational leadership dimensions were assessed using the MLQ instrument developed by Bass and Avolio (1993).

However, the transformational leadership dimensions have often been found to be very highly correlated, hence a few studies employing the MLQ have found support for a higher order structure reflecting the more general construct of transformational leadership (Carless, 1998; Tejeda et al., 2001). The high correlations between these dimensions suggest that leaders who show one type of behavior are very likely to show behaviors indicative of all the other dimensions therefore these dimensions should be viewed as a total package.

Indeed, most studies testing relationships between transformational leadership and other variables have aggregated the ratings across the dimensions to measure transformational leadership at the general level of the construct (Kark, Shamir, & Chen, 2003, Judge & Piccolo, 2004 and Sosik, Godshalk, & Yammarino, 2004). This study will remain consistent with most of prior research and conceptualize the transformational leadership at the broader construct level rather than at the dimensional level and discussions surrounding the research hypotheses will be in terms of overall transformational leadership.

### **2.2.2 Behavioural Theory of Change**

The behavioural theory of change posits that behaviour in a leader will evoke some sort of expected, specific or measurable behaviour in the follower (Hancott, 2005). The subsequent behavior by the follower as a result of the leader's action will cause the leader to review the action either by repeating it or by abandoning it all together. Studies indicate that behavioral theories have had minimal success in improving organizational performance. Robbins (2000) argues that researchers have not been able to fully explain leadership through either traits or behavioural theories and hence the consideration of the situations or contingency factors of the leader. Scholars have shown that a leadership style may work in one and not in another situation.

### **2.2.3 Contingency Theories of Leadership**

Contingency theories of leadership and specifically the Fiedler contingency model of leadership effectiveness propose that effective group performance is dependent on the leader's style and the situation (Fiedler, 1997). Scholars agree with Fiedler's view as they acknowledge the fact that transformational leaders do not operate in a vacuum and situations like unfavourable environmental conditions, different organizational structures, and organizational culture may impact the effectiveness of a transformational leader Pettigrew, (1987); Pawar and Eastman, (1997); Yulk, (1999). Fiedler's (1997) proposition for favourableness of a situation was described in three dimensions: the leader-member relationship (the degree of trust, respect and acceptance followers have on their leader), the degree of task structure (degree to which job assignments are spelled out) and the leader's position (formal authority).

Situations are said to be favourable to a leader if leader-member relationships are good, task structure is high and the position power is strong (Luthans, 1992, Robbins, 2000). Based on research findings, Fiedler concluded that the favourableness of a situation combined with the leadership style are able to determine the effectiveness of a leader. The implication of this is that for leaders to be effective, they must behave differently in different situations. The relationship-oriented leader according to Fiedler is best explained by the leader-member exchange theory.

### **2.2.4 Social Learning Theory of Leadership**

The social learning theory of leadership states that people can learn through observation and direct experience (Bandura, 1977). It assumes that behaviour is a function of consequences and the perceptions that people have on the consequences (Luthans, 1997). The influence of models is central to the social learning theory. Bandura (1977) posits that most of the behaviour that people display is learned, either deliberately or inadvertently through the influence of models. He further states that a good example is much better than a consequence of unguided actions.

Through observing others, one forms an idea of how new behaviours are performed, and on later occasions this information serves as a guide for action (Bandura, 1977). The social learning theory encompasses motivation, emotion, cognitions and social re-enforcers. According to Harrison (2011), social learning theory ties to transformational leadership behaviours in the form of motivation (idealized influence), observation (individualized consideration, mentoring and coaching), and modeling (inspirational motivation and modeling appropriate behaviors).

### **2.3 Transformational Leadership and Organizational Performance**

Organizational performance is crucial to an organization's survival and overtime provides the test to leadership. The literature reveals that, irrespective of the industry or sector, performance is central to organizational leadership with each leader striving to ensure that the organization that they lead record the best performance. Organizational performance may be staged at the individual, group or organizational level (Staw, 1986). Research on leadership has dedicated a lot of effort in demonstrating the superiority of transformational leadership over other leadership styles in predicting organizational performance (Hancott, 2005). An understanding of the interplay between transformational leadership and organizational performance is an important factor for developing effective organizations. Finding ways to optimize the performance of people and consequently that of organizations has been and continue to be a major concern for organizational leaders. This section reviews literature on the influence of transformational leadership and performance.

Literature reveals that, irrespective of the industry or sector, performance takes a central role in organizational leadership with each leader striving to ensure that one's organization is the best performing in one's area of operation. Scholars have generally supported the hypothesized relationship between transformational leadership and organizational performance and this view was supported by Bass (1985), Avolio (1999) and Pillai and Williams (2004) in their studies on transformational leadership and organizational performance. However, researchers differ on the measurement of organizational performance with some arguing that past measures of performance

suffered single source bias (Ross and Offermann, 1997) and that only a handful of studies have examined how transformational leadership predict performance (Bass et al, 2003).

Yukl (2002) is of the view that research on transformational leadership has not fully examined important mediating variables that link the leadership style to performance. Measure of organizational performance is an understanding of the relationship between economic inputs and outputs or the extent to which a firm is able to meet its set objectives and goals. A study by Hancott (2005) examined the relationship between transformational leadership and organizational performance in the top 100 public companies in Canada as measured by total revenue. The primary hypothesis was that there is a significant positive relationship between transformational leadership and company performance. Among the findings were that transformational leadership is a common style practiced by leaders of the best performing public companies in Canada. The results of the study, however, did not conclusively show a relationship between transformational leadership and performance contrary to the researcher's original predictions that had been based on the Bass (1985) model of transformational leadership.

Bass et al (2003) conducted a study to examine how transactional contingent reward and transformational leadership of both platoon leaders and sergeants correlates with unit potency and cohesion, and how each predicts unit performance operating in challenging and uncertain conditions. They hypothesized that a rating of transformational leadership for platoon leaders and platoon sergeants will positively predict unit performance and that transactional contingent reward leadership will also positively predict performance but to a lesser degree than transformational leadership. The results showed support for the hypothesis however contrary to their prediction, transformational and transactional leadership similarly predicted unit performance. The results also showed a direct and indirect relationship between leadership styles and performance supporting the mediating role of unit potency and cohesion.

Ross and Offermann (1997), in a study to demonstrate performance effects of transformational leaders on their work groups, used interval-level measures of performance fully independent of subordinate ratings over 11 months using the same

institutional performance criteria for all groups. They posited that these measures significantly extended the types of performance measures tested in previous studies and were less biased. However, the results did not reveal any significant relationships between transformational leadership and performance. Given that the performance measure had substantial content validity as well as reason and opportunity to influence their followers, they (Ross and Offermann, 1997) concluded that leaders could affect their subordinates' performance through direct and indirect means.

Not much work has been conducted locally to examine the influence of transformational leadership and performance particularly in the higher education sector. However, Ndiritu (2012) conducted a study to explore the relationship between transformational leadership characteristics of secondary school principals and students' performance in the Nairobi County, Kenya, using the Kouzes and Posner (1993) Leadership Practices Inventory (LPI). Students' performance was measured using past Kenya Certificate of Secondary Examination (KCSE) results. The sample population of this study was 40 principals and 207 teachers from all the secondary schools in the Nairobi County.

The results of the study showed a statistically significant relationship between the total leadership characteristics and students' performance. Further principals whose schools scored the minimum university entrance grade (C+ and above) scored higher in the LPI scores than principals whose schools obtained a grade lower than C+. Based on the transformational and transactional leadership theory by Bass (1998) and the reviewed literature, this study hypothesises that organizational performance of universities in Kenya is influenced by transformational leadership.

#### **2.4 Transformational Leadership and Organizational Characteristics**

Despite the lack of a clear definition of an organization, there are elements of an organization that are considered key to its effectiveness. Of concern to transformational leaders is how well these key elements interact with each other in a dynamic environment to achieve the set goals and objectives of the organization. According to Duck (1993), Givens (2008) and Burke and Litwin (1992) transformational leaders ought to understand

the context within which they operate. The correct strategy matched with the right structure, enabling systems and technology will guarantee organizational efficiency. This section reviews literature on organizational characteristics of structure, strategy, systems and technology and how they influence or are influenced by transformational leadership.

Weisbord (1976) in his model of organizational change states that the role of leadership is to control the interactions of the dimensions of the organization to ensure the success of any transformation. Transformation in organizations is initiated by forces from the organization's environments however; strong leaders make a difference in response to these forces by scanning their environments, identifying the forces they would like to deal with and taking action accordingly (Burke and Litwin, 1992). Leadership is a necessary and critical element for success during organizational transformation through the construction of an integrated change agenda (Nadler et al, 1995). Research has found ample evidence demonstrating the beneficial consequences of transformational leadership in enhancing both follower performance and organizational success. However, researchers acknowledge that leadership does not take place within a vacuum but is subject to important contextual influences (Porter and McLaughlin, 2006 and Walter and Bruch, 2010).

Pawar and Eastman (1997) and Garg and Krishna (2003) posit that the literature on transformational leadership in organizations has neglected the organizational context within which such leadership is embedded and minimal attention has been paid to the influences of contextual factors on the transformational process including the emergence, the operation and the effectiveness of transformational leadership. They observe that researchers have paid more attention to intra-personal and interpersonal aspects of the transformation process than they have on the organizational aspects of this process. Pawar and Eastman (1997) are therefore of the view that to fully understand the transformational process, researchers must study transformational leadership in relation to a contextual framework.

Pawar and Eastman (1997) further argue that theoretical attempts have been made to integrate the transformation process as a contextual variable influencing transformational leadership. Such research focuses on determining when organizations will be more receptive to transformational leadership and the match between the receptivity level, capabilities of transformational leaders and the actual transformation process. Nevertheless, Pawar and Eastman (1997), Shamir and Howell (1999), Porter and McLaughlin (2006) among others state that there is a lack of empirical evidence on the influence of the organizational context on leadership effectiveness. Consequently, researchers have ended up paying little attention to the organizational aspects of the transformational process. This study considers organizational characteristics (structure, systems, strategy and technology) as some of the contextual factors that may influence the effectiveness of transformational leadership in universities.

Some linkage between transformational leadership and organizational structure can be understood in terms of their amenability to change whereby a transformational leader serves as an independent force in changing the makeup of the followers' motive base (Burns, 1978). Shamir and Howell (1999) state that the role of organizational structure has largely been ignored in empirical research on leadership; despite this fact, theorists have argued that transformational leadership occurs more frequently and is more effective in organizations with organic rather than mechanistic structures (Pawar & Eastman, 1997). The limited evidence available suggests that organic rather than mechanistic structures may provide a more viable context for the emergence of transformational leadership behaviours.

However, researchers have argued that it may be problematic to capture organizations along a continuum from organic to mechanistic structures, and to relate such aspects to the occurrence of specific leadership behaviors (Atwater, 1995 and House, 1991). After all, organic versus mechanistic distinction covers a wide variety of structural characteristics, hence, conceptualizing organizational structure as either organic or mechanic may result in a relatively superficial depiction of the structure–leadership linkage (Atwater, 1995 and Howell, 1997).

From the foregoing, therefore, rather than differentiating organic from mechanistic structural set-ups, this research focuses on specific facets of organizational structure, namely centralization, formalization, and complexity. Robbins (2002) classifies organizational structure into levels of formalization, centralization, and complexity. Here all authority and responsibilities are stated clearly and concretely; general procedures of handling duties are made into regulations; the content of duties and methods for their performance are stipulated; results of performing duties necessarily are checked out by comparing with a plan and assigned goals; controlling data are used without fail even for deciding on rewards and punishments; and there is a rare flexibility according to the situation (Lee et al, 2013).

To measure the three dimensions of organizational structure (formalization, centralization and complexity), the method enumerated by Robbins (2002) was used. This method was chosen as it measures the three relevant dimensions of formalization, centralization and complexity separately. According to Walter and Bruch (2010) formalization, centralization and complexity have been found to be weakly related to each other and therefore should not have parallel effects. Furthermore, considering these dimensions separately may contribute to a more differentiated understanding of the role of structure and assist managers take specific interventions that allow opportunities for an organizations to nature transformational leadership.

Garg and Krishna (2003) conducted a study to establish the relationship between values-based leadership, transformational leadership and two dimensions of organizational structure formalization and decentralization. They used a sample of 100 employees of a leading software consulting firm in India. The results showed that transformational leadership was positively related to the two dimensions of organizational structure contrary to the proposition that transformational leadership is negatively related to the degree of formalization in an organization (Shamir and Howell, 1999). Walter and Bruch (2010) studied the role of organizational structure in the transformational leadership style that they conceptualized as transformational leadership climate. They defined transformational leadership climate as the way the transformational leadership style was practiced by senior managers throughout the organization.

Walter and Bruch used two dimensions of structure formalization and centralization. The respondents in the study were employees from 125 organizations in Germany representing diverse industries of different sizes. The results showed that centralization was negatively related to transformational leadership while formalization had a positive relationship. It is concluded therefore that from both theory and research organizational structure has an influence on transformational leadership.

Strategy is the broad way in which an organization seeks to maintain or improve its performance. Despite the lack of empirical evidence on the relationship between transformational leadership and strategy, one of the core functions of top managers is to shape a company's strategy. Many studies have contended and demonstrated that the type of strategy that is used by a company matters and makes a big difference to performance. Thus, a major issue for managers is ensuring that they have the right strategy in order to perform and compete effectively (Oyedijo and Akewusola, 2012). The model by Miles and Snow (1978), which is perhaps the most widely used business strategy typology, has been proven to be very robust and adaptable as evidenced by its successful application to the study of a wide variety of strategic issues and it has been adopted for this study. Based on the proposition by Pawar and Eastman (1999) who conceptualized strategy as one of the contextual factors that may influence the emergence and effectiveness of a transformational leader, this study intends to try and establish the influence of strategy on the leadership style of universities in Kenya.

The literature reviewed shows that top management behaviour, however it may be manifested or measured, is associated with important outcomes in regard to technology adoption and use. The presence of transformational leadership relationships has been associated with the successful implementation of the most dramatic and uncertain organizational changes and, compared with other organizational changes, major technology implementation projects are often turbulent (Neufeld et al, 2007). Few studies, however, have examined the role of leadership on IT adoption and use despite the fact that leadership and top management support are often included as critical success factors for technology projects (Neufeld et al, 2007). Scholars argue that senior managers play a crucial role in determining the success or failure of technology implementation.

A study by Afshari et al (2012) examined the relationship between computer competence, computer use and transformational leadership role of principals in implementing Information Communication Technology (ICT) in schools. The respondents in the study were principals from 320 schools in Iran. The findings showed that computer competence was significantly linked to transformational leadership and that there was a strong and positive correlation between computer use and transformational leadership. Based on these results, Afshari and colleagues concluded that principals who use computers frequently in their administrative and instructional tasks and have higher levels of skill and knowledge in ICT use will exhibit more transformational leadership behaviours.

Leng (2008) conducted a study to field-test a questionnaire designed to investigate teachers' perceptions of positive influence of transformational leadership practices on the integration of ICT in teaching. Data for this study was collected from 80 randomly selected serving secondary school teachers in Singapore. From the results of the study secondary school teachers agreed that transformational leadership practices have positive influence on the integration of ICT in teaching.

A study by Neufeld et al (2007) integrating the unified theory of acceptance and use of technology with charismatic leadership theory. The study examined the role of project champions influencing user adoption. The results showed that charisma was positively related to behavioural intention and use with charisma accounting for 44% of behavioural intention and for 52% of use. Scholars have argued that leadership is an important key factor in the effective use of technology in education.

All organizations (hospitals, businesses, universities, or governments) are concerned with channeling human efforts towards attainment of organizational objectives (Flamholtz, 1996). It is crucial that organizations integrate individual goals with the goals of the organization through influencing and controlling the behaviour of people within an organization. The purpose of control systems is to motivate people to take actions that are consistent with the goals of an organization, integrate the efforts of the different parts of the organization. They provide information on operations and people performance and

facilitate in the implementation of a strategic plan. According to Flamholtz et al (1985) and Flamholtz (1983; 1996) control systems are defined as a set of mechanisms (both processes and techniques) designed to increase the probability that people will behave in a manner that lead to the attainment of organizational goals. Thus the ultimate objective of a control system is not to control the specific behaviour of people per se, but, rather, to influence people to take actions and make decisions which in their judgment are consistent with organizational goals.

Despite the elaborate model proposed by Flamholtz (1983; 1996), no known research has been conducted to test the model and there is also lack of empirical evidence on the relationship between transformational leadership and control systems. However, the conceptualization on organizational control systems shows that these systems improve on individual and organizational performance (Ouch, 1979 and Flamholtz, 1983; 1996). This study will establish if there is any relationship between transformational leadership and organizational characteristics of universities in Kenya based on the theoretical assumption and the few studies conducted in the past.

## **2.5 Transformational Leadership and Employee outcomes**

The transformational-transactional theory states that transformational leaders motivate followers to do more than they originally expected by raising their awareness levels about the importance of outcomes and how to achieve them (Bass, 1985). Job-satisfaction, commitment to the organization and OCB are some of the workplace employee outcomes associated with transformational leaders. Scholars have posited that nearly all studies that involve the transformational-transactional theoretical framework for leadership claim that one of its most significant outcomes is employee motivation and commitment that lead to the extra effort needed for organizational transformation.

The high levels of personal commitment to organizational goals and the concerted effort to meet these goals are assumed to result in extra efforts and greater productivity (Bass, 1985, Yulk, 2002 and Nguni et al, 2006). According to Nguni et al (2006), extensive research undertaken in different countries and in a variety of organizational contexts both

educational and non-educational shows that transformational leadership affects employee attitudes, efforts and in-role performance including job satisfaction, organizational commitment and OCB. This section through review of the relevant literature highlights some of the employee outcomes and their relationship with transformational leadership.

The literature reviewed is indicative of that transformational leaders have certain characteristics that make them stand out and that give awe and empower their followers such that they exude exceptionally high effort, high commitment and willingness to take risks (Senior and Fleming, 2006). Since affective commitment is the critical factor that contributes more to the individual's performance, this study has focused only on this type of commitment. One of the characteristics, idealized influence or charisma, is based on the behavioural traits of a leader and it helps promote one's followers' commitment to tap their full potential (Doherty and Danylchuk, 1996).

A study by Pillai and Williams (2004) conducted at a Fire Department in the southeastern United States of America whose respondents were firemen and women in the station was to establish the influence of transformational leadership on organizational commitment. The results of the study proved that transformational leaders directly and indirectly influence followers to higher levels of commitment consistent with earlier research (Bass, 1995; Podsakoff et al., 1996). Job satisfaction can be defined as a pleasurable or positive emotional state resulting from the appraisal of one's job and job experience; it is often theorized as containing the following essentials: the job itself, supervisor relationship, management beliefs, future opportunity, work environment, pay/benefits/rewards, and co-worker relationships (Morris, 1995).

When job satisfaction is examined in the context of transformational leadership, certain predictions are made; transformational leadership will intrinsically foster more job satisfaction given its ability to impart a sense of mission and intellectual stimulation as well as encourage followers to take on more responsibility and autonomy (Pillai and Williams, 2004). Bass (1985) supports this view by stating that transformational leaders respect followers and oversee their development with concern for their personal feelings and needs resulting to increased motivation to perform better.

A study conducted by Sadeghi and Pihie (2013), to examine the influence of transformational leadership style employed by departmental heads in improving lecturers' job satisfaction in three leading research universities in Malaysia, revealed that departmental heads in these universities display transformational leadership style fairly often, transactional leadership sometimes and laissez-faire leadership style once in a while as perceived by the lecturers. Further the study revealed that transformational leadership was the most significant predictor of the most satisfying variables of lecturers' job satisfaction. Empirical studies have shown that leadership behavior has an immense and steady influence on employees' job satisfaction and that job satisfaction is positively related to transformational leadership.

Mokgolo et al (2012) conducted a study to determine whether transformational leadership has a beneficial relationship with subordinate leadership acceptance, job performance and job satisfaction after general elections in South Africa. The sample comprised 1050 full-time employees in the public sector based in head offices. The findings showed that transformational leadership had a positive correlation with subordinate job satisfaction.

Bass (1998) theorized that transformational leadership creates employees who are unselfish, faithful, and connected to the organization. These kinds of employees often perform beyond what is expected of them (Bass, 1985) in relation to their job descriptions. Actions in which the employees are willing to go above and beyond their prescribed role requirements (extra-role) are described as OCB. A positive association between transformational leadership and OCB is expected and has been supported empirically (Podsakoff et al., 1990). Several studies have shown a direct connection between transformational leadership and these organizational citizenship behaviors: civic virtue, sportsmanship, courtesy, conscientiousness and altruism (MacKenzie et al., 2001, Pillai, Schriesheim, & Williams, 1999 and Podsakoff et al., 1990). Past empirical research has shown that transformational leadership has direct and indirect influences on OCB (Podsakoff, MacKenzie & Bommer, 1996).

According to Podsakoff, MacKenzie & Bommer (1996) and Whittington (2002) transformational leadership has been linked with high levels of performance and job satisfaction, is associated with commitment to the organization, trust in the leader and is said to indirectly cause a variety of OCB. The results of a study conducted by Schlechter (2005) to design and conduct an investigation that would attempt to determine the influence on the relationships between transformational leadership, leader emotional intelligence, trust, meaning, and intention to quit on OCB within 76 media companies in South Africa showed a statistically insignificant relationship between transformational leadership and OCB contrary to what is theorized (Avolio et al., 1991, Bass, 1985, Bass & Avolio, 1994 and Podsakoff et al., 1990).

Nguni et al (2006), following a review of previous research studies on employee outcomes as a result of transformational leadership, concluded that very few studies had combined the constructs of job satisfaction, organizational commitment and OCB in one study, that very few of these studies been conducted within the education context and that most of them were confined to the Western world than in the developing world including Africa. Given this scenario, Nguni and his colleagues investigated the effect of transformational and transactional leadership styles on teacher's job satisfaction, organizational commitment and OCB in primary schools in Tanzania. The results of their study confirmed that, although very closely related constructs, transformational leadership had a stronger positive and statistically significant effect on the teacher job satisfaction, organizational commitment and OCB in conformity with previous studies. It is on the basis of the theory on transformational leadership and the empirical research that this study predicts a relationship between transformational leadership on employee outcomes of universities in Kenya.

## **2.6 Transformational Leadership, Leader-Member Relations, Employee Outcomes**

In this section we review literature on leader-member relations and how the relationships by transformational leaders influence follower outcomes. Evidence from research is such that the relationship between leaders and their followers is differentiated among

followers. Those with a strong relationship are associated with high performance rating, greater satisfaction with their leaders, commitment with their organizations and lower turnover intentions. The contingency model of leadership effectiveness depends on the level of situational control which is the degree of power and influence the leader possesses in a particular situation (Fiedler, 1967). Fiedler believed that the leader's situation and position as well as one's relationship with followers determine leader effectiveness.

The situational control is affected by among other factors the leader-member relationships, that is, how much followers trust and respect their leader and are willing to follow his or her guidance. In leadership research a relationship between leaders and followers is assumed and the quality of that relationship is critical to linking leadership behaviour to follower response or outcomes (Wang et al, 2005). According to Wang et al. (2005), these relationships are exemplified through the (LMX) theory which states that leaders create in-groups and out-groups. Members of in-groups exhibit high quality exchange characteristics while members of out-groups exhibit low quality exchanges, the quality of these leader-member relations is related to productivity, employee satisfaction and employee turnover (Scandura and Graen, 1984).

When leader-member relations are explained within the transformational-transactional theory, very close lines are drawn between leadership behaviour and the strength of the leader-member relationship. Wang et al (2005) argue that leaders exercising formal authority and allocating standard benefits in return for standard job performance characterize low-quality exchanges. The exchanges underlying these relationships are predominantly quid pro quo and "contractual". However, in high-quality LMX relationships, social exchange is moved to a higher level, nourished by mutual trust, respect, and obligation. Further that, in high-quality exchange relationships, a leader appeal to the higher-order social needs of followers by getting them to place collective interests over short-term personal gratification. Consequently, employees who are involved in high-quality relationships with their managers should perform at higher levels and go the extra mile to help their managers and peers.

The review of the literature shows that leader-member relations significantly impact on the relationship between transformational leadership and employee outcomes such as job satisfaction, employee performance, enhanced employee career outcomes and decreased propensity to quit (Schriesheim et al, 1999). The literature on the LMX further shows that leader-member relationships manifest themselves differently within an organization. Consequently, they have varied influence on employee outcomes and the strength of the influence is dependent on the duration of the leader-member relationship. However, there is no study known to me at the time of the research showing the moderating effect of the LMX on transformational leadership relationships despite extensive studies in LMX. Most of the studies show mediation of in LMX between transformational leadership with either employee or organizational outcomes. This study hypothesised a moderating effect of the LMX on the relationship between transformational leadership and employee outcomes of universities in Kenya.

## **2.7 Transformational Leadership, Organizational Characteristics and Performance**

Krishnan (2005) posits that in this age of rapidly changing business environment, leadership is more important now than ever before and this explains the present focus on revitalizing and transforming organizations to meet the competitive challenges ahead. Further, that this has led to an increasing interest among researchers to study transformational leadership. The literature indicates that there exists a relationship between transformational leadership behaviors and various outcomes measured at the individual and the organizational level. However, Pettigrew (1987) and Pawar and Eastman (1997) state that, while transformational leadership is potentially applicable to most organizational situations, the emergence and effectiveness of such leadership may be facilitated by some contexts and inhibited by others.

Whittington (2002) states that organizations can have the ultimate competitive advantage: strategy, management systems, processes, structures and technology are some of the critical elements that enable organizations create a competitive advantage that allows organizations to perform in ways that competitors cannot. To sustain this Whittington

(2002) suggests that employees must be involved to give ownership, control and added value to organizational processes. This he says can be achieved through team-based work designs and organizational systems (reward and performance evaluation) that are aligned to support a structure that is centered on the product and the customers. In a rapidly changing environment, organizations need a leadership style that encourages employee involvement and participation in effective decision making (Nusair et al, 2012). Scholars have argued that an organizational structure is effective for enhancing organizational effectiveness when kept in an uncomplicated state (Chung and Oh, 2002) as this will lead to easy routes of communication with few and cheap instructional practices to employees in the organization. A study by Garg and Krishnan (2003) revealed that two dimensions of structure, formalization and decentralization, were positively and significantly related to transformational leadership.

For organizations to survive and prosper in today's rapidly changing environments, transformational leaders need to put in place strategies that will propel organizations towards achieving their goals. Strategy is the broad way in which an organization seeks to maintain or improve its performance. Research has been conducted to support this contention. Tamalee, Suleiman and Ismail (2008) conducted a study to investigate how business strategies influence organizational performance of manufacturing firms in Thailand. The Miles and Snow typology of prospectors, analyzers, defenders and reactors strategies were used on 104 firms listed on the Stock Exchange of Thailand. The results revealed that, contrary to expectations, the findings did not show significant differences of performance between firms using different business strategies.

Oyedijo and Akewusola (2012) undertook a study, to provide systematic empirical evidence obtained from 34 paint manufacturing Small and Medium sized Enterprises (SMEs) in south-western Nigeria in support of Miles and Snow's model that prospectors and analyzers perform better than defenders and reactors. In this study performance was measured through the use of gross revenue and number of customers. In Nigeria, gross revenue and the number of customers are generally regarded as important criteria for evaluating the success of SMEs and the chances of their survival and growth. The study

established that significant performance differences were found between prospectors, analyzers, defenders and reactors and that negative performance was found to be associated with reactor strategy. The study found out that SMEs compete in different ways, thus allowing for their classification as prospectors, analyzers, defenders and reactors.

From the reviewed literature, no studies were found to show empirical evidence between technology and organizational performance however from conceptual studies and practice, organizations are known to adopt technology to improve on organizational efficiency. According to Flamholtz et al (1985) organizational control systems are goal-oriented. They are intended to make people in an organization take decisions that are in line with the goals of the organization. Flamholtz et al (1985) posit that organizations and individuals are purposeful goal-seeking entities whose goals are not necessarily congruent and could at times conflict. Control systems therefore are techniques and processes employed by management targeting employee behaviour in a way so as to achieve goal congruence. Goal congruence is seen as a more powerful theoretical foundation for achieving organizational effectiveness than either actions or outcomes congruence. This is due to the systems characteristics of equifinality as well as a lack of total control over outcomes by any entity whether individual, group or organization.

## **2.8 Transformational Leadership, Employee Outcomes and Organizational Performance**

Nusair et al (2012) posit that, rapid environmental changes and uncertainties call for a flexible and determined leadership which can inspire employees to participate enthusiastically to achieve organizational goals and that a weak leadership results in having weak and unmotivated employees who are not effective in their performance. To effectively deal with transformation, followers must share the leader's vision and be willing to commit themselves to accomplishing it. The literature reviewed shows that transformational leadership enhances positive employee outcomes and these have a positive effect on the overall productivity and performance of organizations (Givens, 2008).

Smith (2005) states that people make up organizations and are the real sources of and vehicle for change, and thus are the ones who will embrace or resist change. Elias (2009) argues that organizational transformation strains both the organization and the individuals within the organization. He further argues that if an organization is to successfully implement change, the change strategy must take the employees' psychological processes into consideration. Whittington (2002), in support of these arguments, states that good people management is more important than all other factors in predicting profitability. Transformational leaders are said to influence subordinates by motivating and inspiring them to achieve organizational goals (Bass & Avolio, 1995).

Scholars have contended that OCBs are positively related to measures of organizational effectiveness or performance as well as employee outcomes (Givens, 2008). A study by Podsakoff (2009) to provide a meta-analytic examination of the relationships between OCBs and a variety of individual and organizational level outcomes, based on 168 independent samples indicated that OCBs are related to a number of individual level outcomes, including managerial ratings of employee performance, reward allocation decisions, and a variety of withdrawal related criteria (for example, employee turnover intentions, actual turnover, and absenteeism). In addition, OCBs were found to be related to a number of organizational level outcomes (for example, productivity, efficiency, reduced costs, customer satisfaction, and unit level turnover).

Since the introduction of transformational leadership in behavioural studies by Burns (1978) and later the transformational-transactional theory by Bass (1985) that predicted among other things a positive relationship between transformational leadership and organizational performance, many researchers have confirmed this relationship. Scholars have shown that these results hold for different organizational contexts including the educational. However, according to Boerner et al (2007), in spite of the extensive research in transformational leadership, still little is known about the mediating processes in the relationship between transformational leadership and organizational performance. This short coming is despite many scholars recommending further research in this area (Avolio and Yammarino, 2002 and Gordon and Yulk, 2004).

Most studies on mediation of the relationship between transformational leadership and organizational performance use other constructs other than employee outcome behaviours (Boerner et al, 2007) like potency and cohesion (Bass et al, 2003), self-efficacy and group cohesion (Pillai and Williams, 2004), leader-follower relations (Wang et al, 2005). It is also noted from the literature that the employee outcome dimension as considered in this study (job satisfaction, affective commitment and OCB) has been treated as antecedents or outcomes in transformational leadership studies and further that they are taken individually and not combined. Nguni et al (2006) for example reported a partial mediation of job satisfaction on the relationship between transformational leadership, organizational commitment and OCB in a study of primary school leaders in Tanzania.

The transformational-transactional typology states that transformational leaders inspire employees to achieve extra-ordinary outcomes by providing meaning and understanding, aligning individual goals with those of the organization as well as providing support, mentoring and coaching employees (Bass, 1985). Despite this proposition, Boerner et al (2007) observed that studies on mediation between transformational leadership and organizational performance mostly involve constructs like follower trust, group cohesion, self-efficacy, and intrinsic motivation, among others, and hardly on employee outcome behaviour constructs like the OCB, affective commitment and job satisfaction. This study aimed at bridging this gap by analyzing the mediating role of employee outcome behaviours as operationalized (the OCB, affective commitment and job satisfaction) on the relationship between transformational leadership and organizational performance.

The literature reviewed established that not many studies have been done to investigate the mediating effect of commitment, job satisfaction, and the OCB on the relationship between transformational leadership and organizational performance. Boerner et al (2007) conducted a study to investigate the mediating effect of the OCB on the relationship between transformational leadership and follower performance. They used leaders from 91 diverse organizations in Germany working in different functional departments. The results showed a partial mediation by OCB on the relationships between transformational leadership and follower performance. The study confirmed the

underlying processes by which transformational leadership influence organizational success.

Despite research showing that transformational leaders affect employee outcomes such as the OCB, organizational commitment, job satisfaction, effort and in-role performance, not many studies have been done to investigate the mediating effect of commitment, job satisfaction, and OCB on the relationship between transformational leadership and organizational performance. As observed by Boerner et al (2007), most studies on the mediation of the relationship between transformational leadership and organizational performance are by other variables like potency and cohesion (Bass et al, 2003), self-efficacy and group cohesion (Pillai and Williams, 2004), and leader-follower relations (Wang et al, 2005).

A major concern of universities in Kenya today is how to achieve customer satisfaction which is a measure of organizational performance. According to Emery et al (2007), a major determinant of customer satisfaction within the service industry like universities is the attitude of customer contact personnel/employees. Emery and his colleagues further argue that high employee satisfaction, motivation, a service culture with the highest organizational commitment and the lowest employee turnover consistently report the highest levels of customer satisfaction and increased sales volume. In a study to examine the effect of transactional and transformational leadership on organizational commitment and job satisfaction of customer contact personnel in banking and food store organizations, Emery et al (2007) established that characteristics of transformational leadership were more highly correlated with job satisfaction and organizational commitment than transactional leadership factors.

## **2.9 Summary of Knowledge Gaps**

In conclusion, the literature shows that transformational leadership is one of the most comprehensive leadership theories of organizational change. The literature further shows that transformational leadership behaviour influences the attitudes and behaviour of followers such that they perform beyond their expectations, leading to high organizational performance. Past studies show that transformational leadership directly or indirectly influences individual and organizational outcomes. Individual outcomes include job satisfaction, organizational commitment, motivation and OCB while organizational outcomes are either quantitative or qualitative. The behaviour of a transformational leader contributes to the behaviour of his/her followers and this has an effect on the overall organizational performance.

The literature further shows that the transformational leadership process does not take place in a vacuum and that the context within which it takes place is critical. Researchers have had a lot of interest in transformational leadership, meaning that this style of leadership is critical to organizational effectiveness. However, the literature reviewed reveals that the studies conducted are centered on the influence of transformational leadership on either employees or some aspects of organizational characteristics. Not much though is known about the mediators or moderators of these relationship.

Further, the effectiveness of transformational leadership in most of these studies is measured using behavioural outcomes of employees rather than objective or even subjective measures of performance that relate to organizations. It is also noted that most of the research on transformational leadership has neglected the higher education sector. With this background information relating to this study, a summary of literature reviewed that covered empirical studies, theoretical and conceptual studies on transformational leadership and the knowledge gaps identified are summarised in Table 2.1. The summary shows the focus/objective of the reviewed study, the study methodology used, findings of the study and identified gaps in knowledge related to the current study.

**Table 2.1: Summary of Knowledge Gaps**

<b>Study</b>	<b>Focus of Previous Study</b>	<b>Methodology</b>	<b>Findings</b>	<b>Gaps</b>	<b>Focus of Current Study</b>
Podsakoff, P.M., Mackenzie, S. B. and Bommer, W.H. (1996)	Examine the effect of TL behaviour within the context of substitutes of Leadership on employee criterion	A multiple- informant survey research method involving employees and their managers	That substitutes for leadership moderated the effect of TL behaviour on Employee outcomes	Strength of the direct influence of TL on employee outcomes	Test for the direct effect of TL on employee outcomes and organizational performance.
Flamholtz. E. (1996)	Develop a framework for the application of organizational control systems	Conceptual study	A model for the application of organizational control system	Yet to be tested	Considers the effect of management systems on TL of universities in Kenya
Pawar, B. S. and Eastman, K. K. (1997)	The nature and implication of contextual influence on TL	Conceptual study	Implication of contextual factors on the effect of TL receptivity in organizations	Yet to be tested	Considers effect of organizational characteristics (structure, strategy) on TL and performance
Ross, S. M. and Offermann, L. R. (1997)	Examination of personality traits associated with TL and its effect on the relationship between TL and performance	Empirical study that used multiple informants (employee and their supervisors); context was the same.	That personality attributes can distinguish TL	Does not show how personality attributes of a TL may impact on outcomes	Effect of TL behaviour on employee outcomes and organizational performance
Pounder, J. S. (2001)	Examined the relationship between transformational& transactional leadership and organizational effectiveness of universities	Conceptual study	Leadership in universities pivots on the notion of academic leadership which is based on research and not on managerial training.	The proposed measure of transformational leadership and organizational effectiveness has not yet empirically tested in universities	Transformational leadership behavior and its impact on employee outcomes and performance of universities
Bass, B. M., Avolio, B. J., Jung, D. J. and Berson, Y. (2003)	Predict the relationship between TFL and TSL on unit performance and the influence of unit potency and cohesion of US Army platoons	Empirical study that used multiple informants (employee and their supervisors)	TFL and TSL predicted unit performance and the relationship was partially mediated by potency and cohesion	Measure of organizational performance either objective or subjective that is applicable to all organizations	Uses both objective and subjective measure of performance
Garg, G. and Krishnan, V. R. (2003)	Relationship between TL, Values-based leadership and organizational structure	Empirical study using employees; context was the same.	TL and values based and are positively related & both are positively related to descend. They were also related to form.	Relationship between TL, organizational performance and employee outcomes.	TL, structure, organizational performance and employee outcomes
Pillai, R. and Williams, E. A. (2004)	Transformational leadership, commitment and organizational performance	Empirical study using employees as the respondents; context was the same.	Transformational leadership was related to commitment and organizational performance	Did not look at any other factors that may affect the relationship between TL and commitment. Measure of performance	The moderating effect of leader-member relations between transformational leadership and EO

**Table 2.1: Summary of Knowledge Gaps**

<b>Study</b>	<b>Focus of Previous Study</b>	<b>Methodology</b>	<b>Findings</b>	<b>Gaps</b>	<b>Focus of Current Study</b>
Hancott, D. E. (2005)	Transformational leadership and performance in large public companies in Canada	Empirical study using CEOs and their immediate direct reports; context was the same.	Companies that practiced transformational leadership style performed better than those that did not	The study used stock performance as the only measure of performance which cannot apply to universities in Kenya as they are not listed in securities exchange	The role of transformational leadership on both financial and non-financial measures of performance
Wang, H., Law, K. S., Hackett, R.D., Wang, D. and Chen, Z. X. (2005).	Whether leader-member exchange (LMX) mediated perceived transformational leadership behaviour, followers' task performance and OCB in an organization in China.	Empirical study that used multiple informants; employees and immediate supervisors	LMX fully mediated the relationships between transformational leadership, task performance and OCB.	Did not investigate the impact of the relationship on the overall performance of the organization or on any other employee outcomes	Effect of LMX on other constructs of employee work related behaviours like job satisfaction and commitment
Nguni, S., Slegers, P. and Denessen, E. (2006)	Effect of TFL and TSL on teachers' job satisfaction, commitment and OCB	Empirical study using responses from teachers of all public primary Schools in Tanzania	That TFL had a stronger and positive effect on teachers' job satisfaction, commitment and OCB than TSL.	Did not get responses from the school leadership and the study did not investigate the impact of the teachers' job satisfaction, commitment and OCB on the performance of the schools	The mediating effect of employee outcomes on relationship between TL and performance in universities in Kenya using top leadership perspective
Boerner, S., Eisenbeiss, S. A. and Griesser, D. (2007)	The mediating effect of OCB on the relationship between TL, TSL on follower performance	Empirical study with the CEO as the respondent. Context was different.	OCB partially mediated the relationship between TL and follower performance; there was no mediation on TSL	Did not investigate the impact of the relationship on the overall performance of the organization or on any other employee outcomes	Mediating effect of employee outcomes on relationship between TL and performance
Neufeld, D. J., Dong, L. and Higgins, C. (2007)	Integrate theory of acceptance and use of technology with charismatic leadership theory and influence of project champions in influencing user adoption.	Empirical study that used multiple informants; context was different	Project champion charisma was positively associated with increased performance and effort expectancy, social influence and facility conditions perception of users	Impact of use and adoption of IT on employee and organizational performance	Impact of technology use and adoption on the relationship between TL and performance

**Table 2.1: Summary of Knowledge Gaps**

<b>Study</b>	<b>Focus of Previous Study</b>	<b>Methodology</b>	<b>Findings</b>	<b>Gaps</b>	<b>Focus of Current Study</b>
Tamalee, K., Suleiman, M. and Ismail, I. (2008)	To investigate what business strategies are in use and their impact on performance of firms listed in stock exchange of Thailand	Empirical study with the CEO as the respondent. Analysis at the organizational level; context was the same.	Firms use different business strategies however, Prospector and Analyzer showed a better performance	Used objective measure of performance only and the role of the leader was not discussed	Impact of business strategy on the relationship between TL and performance measured through qualitative and quantitative indicators of performance
Walter, F. and Bruch, H. (2010)	To investigate the role of organizational structure in the TL process using participants from a variety of industries	Empirical study that used multiple informants	Size and Centralization are negatively related to TL. Relationship between TL and performance is moderated by formalization and centralization	Study does not include the soft parts of an organization i.e. employees	Includes hard and soft indicators of organizations within the same context (universities)
Mwangi, C. I., Mukulu, E. and Kabare, K. (2011)	To establish the significance of emotional intelligence in transformational leadership in Kenyan public universities.	Quantitative descriptive survey design. Use of employee perceptions of their supervisors; context was the same.	The results established that there is a relationship between emotional intelligence and TL	Trust and respect for the leader and openness to change or to new ideas that are elements of transformational leaders did not show significant relationships.	The role of transformational leadership on performance of universities in Kenya
Mokgolo, M.M., Mokgolo, P., and Modiba, M. (2012).	To determine whether transformational leadership has a beneficial relationship with subordinate leadership acceptance, job performance and job satisfaction in the South African public service	Empirical study that used multiple informants (employee and their supervisors); context was the same.	Established that transformational leadership had a positive correlation with subordinate leadership acceptance, performance and job satisfaction	Did not examine the effect on other constructs like OCB and employee Commitment or organizational characteristics that are influenced by the leadership style	The role of transformational leadership on OCB, Commitment and organizational characteristics
Ndiritu, A. W. (2012)	Effect of principals TL characteristics on the performance of secondary schools in Nairobi County, Kenya	Empirical study that used multiple informants (principals and teachers) in the schools. Used the LPI scale to measure TL	That principal's TL characteristics had a positive effect on the performance of secondary schools in Nairobi County	The study used the LPI to measure TL characteristics; did not investigate any other factors that may impact the relationship between TL characteristics and the schools' performance	The influence of OC, EO and LMR on the relationship between TL and performance

**Table 2.1: Summary of Knowledge Gaps**

<b>Study</b>	<b>Focus of Previous Study</b>	<b>Methodology</b>	<b>Findings</b>	<b>Gaps</b>	<b>Focus of Current Study</b>
Afshari, M., Ghavitekr, S., Siraj, S. and Ab. Samad, R. S. (2012)	Relationship between computer competence and computer use on TL or role of principles implementing ICTs	A descriptive exploratory study direct reporting by principals of secondary schools	A strong and positive relationship between computer competence and use	Performance of the schools not investigated	TL on performance of universities and impact of Tech on the relationships
Sadeghi, A. and Pihie, Z. L. A. (2013)	Influence of leadership style employed by departmental heads on lecturer job satisfaction in research universities in Malaysia	Quantitative descriptive survey design. Use of employee perceptions of their departmental heads	Use TL fairly often, use transactional leadership sometimes and laissez-faire style of leadership once in a while	Self-assessment by departmental heads and their effect on performance of the departments.	Direct reports by the vice-chancellors/top management; effect of TL on employee outcomes and universities performance

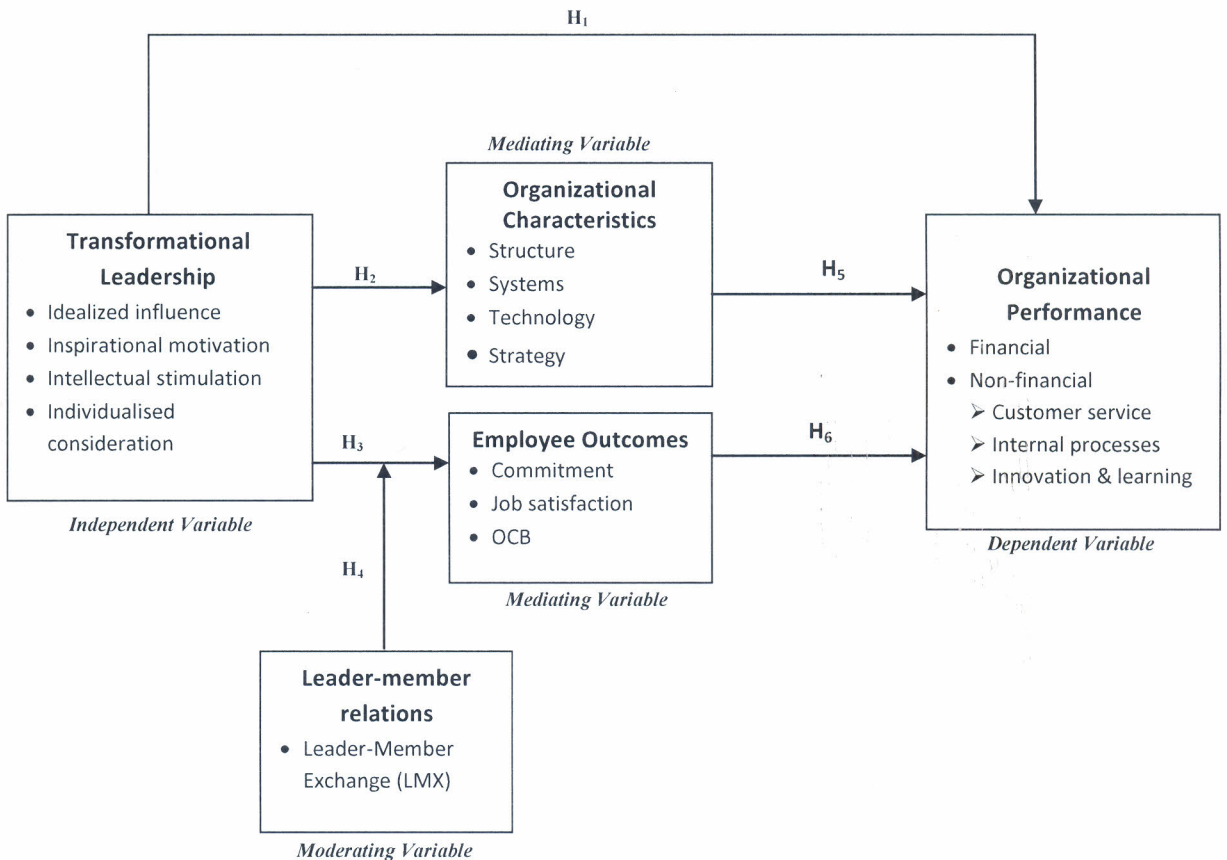
**Source:** Author (2014)

The issue to be determined is whether there is a theoretical basis for expecting a relationship between the variables of the current study. The transformational-transactional theory states that transformational leadership behaviour impact on follower performance leading to improved organizational performance (Bass, 1985). According to the literature, transformational leadership has been widely studied. However, the context, research situation and objectives are major factors that warrant further investigation to confirm the proposition by Bass. The behaviour of transformational leaders has been reported from the follower perspective in most of the studies further research, therefore, whereby the leaders report on their own behaviour may confirm or contradict the impact of transformational leadership on both employee and organizations' performance. Employee outcomes (job satisfaction, organizational commitment and OCB) have been considered as dependent variables, research were they are considered as intervening variables may produce different results. The current study tried to address some of these research gaps in the context of higher education in Kenya by examining the relationship between transformational leadership, organizational characteristics, employee outcomes and performance.

## 2.10 Conceptual Framework

From the literature reviewed, based on the transformational-transactional theory of leadership, the conceptual framework in Figure 2.1 is developed to show the relationship between the various study variables. The diagram underpins the interrelationships between five variables: transformational leadership as the independent variable, organizational characteristics and employee outcomes as mediating variables, leader-member relations as a moderating variable between transformational leadership and employee outcomes and organizational performance as the dependent variable.

**Fig 2.1: A Conceptual Model of the influence of Transformational leadership, organizational characteristics, employee outcomes and leader-member relations on Organizational performance**



H7a, H7b and H8 are not shown on the diagram.

Source: Author 2014

## 2.11 Study Hypotheses

As indicated from the literature reviewed on both transformational leadership and performance, this study sought to test the following hypotheses:

- H1:** Transformational leadership has an effect on the performance of universities in Kenya.
- H2:** Transformational leadership has an effect on organizational characteristics of universities in Kenya.
- H3:** Transformational leadership has an effect on employee outcomes of universities in Kenya.
- H4:** Leader-member relations have a moderating effect on the relationship between transformational leadership and employee outcomes.
- H5:** Organizational characteristics have an effect on the performance of universities in Kenya.
- H6:** Employee outcomes have an effect on the performance of universities in Kenya.
- H7a:** Organizational characteristics mediate the relationship between transformational leadership and the performance of universities in Kenya.
- H7b:** Employee outcomes mediate the relationship between transformational leadership and the performance of universities in Kenya.
- H8:** The joint effect of transformational leadership, organizational characteristics, employee outcomes, leader-member relations on the performance of universities in Kenya is stronger than that of the individual variables.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the methodology that was used to conduct the study. It consists of the philosophical orientation, research design and the study population. It further looks at the data collection method, the operationalization of research variables, the validity and reliability of the research instrument, the data analysis procedures, the regression models, the tests of hypotheses and a summary of the chapter.

#### **3.2 Philosophical Orientation**

Developing a philosophical perspective requires that the researcher makes several core assumptions concerning two dimensions of research: the sociological dimension and the scientific dimension. The scientific dimension is guided by two approaches: a subjective (phenomenology/interpretive) approach and the objective (positivism) approach (Easterby-Smith et al, 1991 and Hughes and Sharrock, 1997). These philosophical approaches are defined by assumptions concerning ontology (reality), epistemology (knowledge), human nature (pre-determined or not) and methodology (the researcher's tool-kit). Proponents of phenomenology maintain that reality does not exist but it is an imagination: knowledge is subjectively acquired and that human beings shape the world through their own experiences.

Positivists on the other hand are realists and argue that knowledge about reality can only be discovered through sense observation and measurement and that the relationship between human beings and society is determined by laws of cause and effect, thus explaining patterns of human behaviour (Easterby-Smith et al, 1991). The positivistic perspective is premised on the view that studies can be done independent of the interests or beliefs of the researcher meaning (value-freedom). This study is based on positivism which posits that to empirically establish the relationships between variables of a study, hypotheses are formulated and through the observed effects they are verified or refuted. It further suggests that concepts should be operationalized to enable the use of quantitative data to test hypotheses drawn from a theoretical framework. This study meets these characteristics and as such adapts a positivist approach.

### **3.3 Research Design**

The design of this study was a descriptive survey and was guided by the purpose of the study that sought to establish the relationship between transformational leadership, organizational characteristics, employee outcomes, leader-member relations and organizational performance. A descriptive survey design helps to answer questions concerning the current status of the subjects under study (Mugenda and Mugenda, 2003). The design was considered appropriate due to its robust effect on relationship studies and because of the comparative analysis implied by several research objectives. Data collection was cross-sectional as the elements of the study were measured at a single point in time.

The main purpose of the study was to establish the relationship between transformational leadership, organizational characteristics, employee outcomes, leader-member relations and organizational performance of universities in Kenya. The cross-sectional survey offered an opportunity to collect data across different universities to test this relationship as well as capture the population's characteristics and test hypotheses quantitatively. The descriptive data so collected was accorded statistical treatment to allow for hypothesis testing and the drawing of objective conclusions. The design has been used in similar studies (Pillai and Williams, 2004; Munyoki, 2007; Kidombo, 2007; Machuki, 2011; Monari, 2013) with success.

### **3.4 Population of the Study**

The target population of the study comprised all the universities in Kenya that offer their own degree programmes. There were a total of fifty two universities in Kenya that offer their own degree programmes as in April 2014 (Appendix II). The list of the universities was obtained from the Commission for University Education website. Being a survey, the study made use of the entire population as opposed to a sample to help answer research questions of interest (Oslen and George, 2004, Munyoki and Mulwa, 2012). The study was thus a census as it included all the 52 universities in Kenya that offer their own degree programmes. The universities were preferred as they have defined structures, they offer their own degree programmes, they have a legal mandate to operate, their top leadership structure are almost similar and they are likely to exhibit elaborate

relationships between the study variables. The universities in Kenya that offer their own degree programmes comprise 22 public and 30 private universities.

### **3.5 Data Collection**

The study used mainly primary data. The data was collected through semi-structured questionnaire adapted from similar transformational leadership and management studies and customized to meet the needs of the present study. The questionnaire was divided into six parts covering demographic variables, transformational leadership, organizational characteristics, employee outcomes, leader-member relations and organizational performance (Appendix I). Data collected through the questionnaire used objective and perceptual indicators of the variables. The use of perceptual measures is not unique in leadership studies and findings have shown a little difference between objective and perceptual data (Huselid, 1996 and Guest, 1997). Quantitative data was sought on the number of ICT hard and software equipment present in the universities and the financial information in terms of income and surplus for the last three years.

The questionnaire was anchored on a 5-point Likert type scale which is commonly used in most fields of scholarly and business research. To improve on the response rate, first, the questionnaire was researcher administered to the universities' top leadership: the vice-chancellors as well as the deputy vice-chancellors involved in staff matters or their equivalents in each university. The top leadership in any organization is assumed to have a wide understanding of the whole organization and hence is able to provide reliable information. Second, considering that the study used direct reports by the universities' top leadership, two respondents were used in each of the universities. Third, telephone calls were made to the universities to book appointments, a letter of introduction stipulating the purpose of the study and an approval from the National Commission for Science, Technology and Innovation (NACOSTI) to conduct the research accompanied the questionnaire.

To ensure validity of the data-collection instrument, the questionnaire was piloted to five members of the senior management who were not included in the final data collection. Reliability was tested by computing the Cronbach's Alfa Coefficient.

### **3.6 Operationalization of the Study Variables**

Hoover and Donova (1995) note that researchers hypothesize relationships of independence or dependence; they then try by reality testing to see if the relationships actually work out that way. Most of the variables of the study were measured through the use of the 5-point Likert type scale. Chimi and Russel, (2009) as quoted by Machuki (2011), argued that the Likert scale has been used in most fields of scholarly and business research and particularly where the value sought is a belief, opinion, or affect, if it cannot be asked directly and with precision and if it is considered to be of a sensitive nature such that respondents can only answer categorically in large ranges. The data collected and measured in this study exhibited most of these characteristics and hence the Likert scale was found to be appropriate. In this study, the main variables were operationalized and measured as contained in Table 3.1.

### **3.7 Data Analysis**

Data for the study was aggregated at the organizational level. Where two responses were received from one university, an average of the two responses was computed to get one response for that university. However, where only one questionnaire was returned from a university, it was the one used. To reduce any bias, increase precision and improve consistency by detecting and correcting errors and, also as a quality control measure, the raw data was cleaned, coded and entered into the computer and the relevant statistical technique and programme used for analysis. The data differentiation stage was used to establish the nature and the magnitude of the relationships among the various variables as well as to test for the hypothesized relationships.

Descriptive statistics comprising means (central tendency), percentages, frequency distributions and standard deviations (dispersion) were used to obtain a general understanding of the universities and the respondents as well as to explain the distribution of scores. This study is a combination of independent, mediating, moderating and dependent variables, hence, different statistical techniques such as regression analysis, correlation analysis and multiple regression analysis were used to analyse the data. All the hypotheses were tested using regression models presented in Table 3.2.

**Table 3.1: Operationalization of Variables**

Variable	Definition of Variable	Operational Indicator	Question Type	Questionnaire part
Transformational Leadership (Independent)	A leadership style that motivate and empower followers to work for transcendental goals, to increase their commitment to the organization and in so doing perform beyond the expectations that the followers have for themselves	<ul style="list-style-type: none"> <li>• Attributed charisma</li> <li>• Idealized influence: modeling</li> <li>• Inspirational motivation: visionary</li> <li>• Intellectual stimulation: knowledge transfer</li> <li>• Individualised consideration: training/coaching</li> </ul>	Likert type scale	Part II
Organizational Characteristics (Mediating)	These are the key elements of an organization and form the context within which leaders operate	<b>Structure:</b> Centralization, Formalization, and Complexity	Likert type scale	Part III (a)
		<b>Systems:</b> Reward system, management information system, budgeting system, resource allocation system and performance management system	Likert type scale	Part III (b)
		<b>Strategy:</b> Type of strategy adopted in service delivery; Prospector, Defender & Reactor.	Likert type scale	Part III (c)
		<b>Technology:</b> The use of information technology in the operations of the organization and Level of automation, planning & training mechanisms in place	Likert type scale	Part III (d)
Employee Outcomes (Mediating)	Depict the performance of employees as a result of the effect by a leader	<b>Commitment:</b> affective commitment	Likert type scale	Part IV (a)
		<b>Job satisfaction:</b> Follower perception, responsibility and autonomy in work	Likert type scale	Part IV (b)
		<b>Organizational Citizenship Behaviour:</b> Altruism, Conscientiousness, Sportsmanship, Civic virtue and Courtesy	Likert type scale	Part IV (c)
Leader-Member Relations (Moderating)	The degree to which a leader has follower support	<b>Leader-Member Exchange (LMX):</b> Affective, loyalty, contribution & professional respect, trust and attachment	Likert type scale	Part V (a)
Organizational Performance (Dependent)	The recurring activities that establish organizational goals, monitor progress towards the goals, and make adjustments to achieve those goals more effectively and efficiently	<b>Non-financial performance</b>	Kaplan & Norton scale	Part VI (a)
		<b>Customer service:</b>	Likert type scale	Part VI (a) i)
		<b>Internal Processes:</b> business processes that create customer and shareholder satisfaction	Likert type scale	Part VI (a) ii)
		<b>Innovation and Learning:</b> A climate that supports organizational change, innovation and growth	Likert type scale	Part VI (a) ii)
		<b>Financial performance:</b> annual income and net surplus for the last three years	Profitability ratio (ROA);	Part VI (b)

Source: Author (2014)

**Table 3.2: Summary of Objectives, Hypotheses and Analytical Methods**

Objective	Hypothesis	Analytical technique	Model estimation	Interpretation of results
i) To determine the influence of transformational leadership on the performance of universities in Kenya	<b>H1:</b> Transformational Leadership (TL) has an effect on the Performance (P) of universities in Kenya	Linear regression analysis $P = f(TL)$	$Y_0 = \alpha_0 + \beta_0 X_0 + \varepsilon_0$ $Y_0 = \text{Performance (P)}$ $\alpha_0 = \text{constant}$ $\beta_0 = \text{coefficient for H1}$ $X_0 = TL$ $\varepsilon_0 = \text{error term}$	Coefficient of determination ( $R^2$ ) showed the percentage of $Y_0$ explained by $X_0$ . Pearson product moment correlation coefficient ( $r$ ) was used to establish relationship between $Y_0$ & $X_0$ , f ratio tested for the model fit & t-test was used to show the statistical significance
ii) To determine the relationship between transformational leadership and organizational characteristics of universities in Kenya	<b>H2:</b> Transformational leadership has an effect on Organizational Characteristics (OC) of universities in Kenya	Linear regression analysis $OC = f(TL)$	$X_1 = \alpha_1 + \beta_1 X_0 + \varepsilon_1$ $X_1 = OC$ $\alpha_1 = \text{constant}$ $\beta_1 = \text{coefficient for H2}$ $X_0 = TL$ $\varepsilon_1 = \text{error term}$	Coefficient of determination ( $R^2$ ) showed the percentage of $X_1$ explained by $X_0$ . Pearson product moment correlation coefficient ( $r$ ) was used to establish relationship between $X_1$ & $X_0$ , f ratio tested for the model fit & t-test was used to show statistical significance
iii) To determine the relationship between transformational leadership and employee outcomes of universities in Kenya	<b>H3:</b> Transformational leadership has an effect on Employee Outcomes (EO) of universities in Kenya	Linear regression analysis $EO = f(TL)$	$X_2 = \alpha_2 + \beta_2 X_0 + \varepsilon_2$ $X_2 = EO$ $\alpha_2 = \text{constant}$ $\beta_2 = \text{coefficient for H3}$ $X_0 = TL$ $\varepsilon_2 = \text{error term}$	Coefficient of determination ( $R^2$ ) showed the percentage of $X_2$ explained by $X_0$ . Pearson product moment correlation coefficient ( $r$ ) was used to establish relationship between $X_2$ & $X_0$ , f ratio tested for the model fit & t-test was used to show statistical significance
iv) To establish the moderating effect of leader-member relations on the relationship between transformational leadership and employee outcomes of universities in Kenya	<b>H4:</b> Leader-Member Relations (LMR) have a moderating effect on the relationship between transformational leadership and employee outcomes	Multiple regression analysis as test of moderation $EO = f(TL)$ $EO = f(LMR)$ $EO = f(TL, LMR, TL*LMR)$	$X_2 = \alpha_0 + \beta_0 X_0 + \varepsilon_0 \dots (i)$ $X_2 = \alpha_1 + \beta_1 X_3 + \varepsilon_1 \dots (ii)$ $X_2 = \alpha_2 + \beta_2 X_0 * X_3 + \varepsilon_2 \dots (iii)$ $X_0 = TL, X_2 = EO,$ $X_3 = LMR,$ $\alpha_0, \alpha_1, \alpha_2$ are constants, $\beta_0, \beta_2,$ & $\beta_3$ are coefficients, $\varepsilon_3 = \text{error term}$	Coefficient of determination ( $R^2$ ) showed percentage of $X_2$ explained by $X_0$ and $X_3$ . t-test was used to show statistical significance of the moderating model. the $\beta$ coefficients were used to compare the unit changes of $X_0$ and $X_3$ on $X_2$
v) To establish the relationship between organizational characteristics and the performance of universities in Kenya.	<b>H5:</b> Organizational characteristics have an effect on the performance of universities in Kenya	Linear regression analysis $P = f(OC)$	$Y_1 = \alpha_4 + \beta_4 X_1 + \varepsilon_4$ $Y_1 = \text{Performance}$ $\alpha_4 = \text{constant}$ $\beta_4 = \text{coefficient for H5}$ $X_1 = OC$ $\varepsilon_4 = \text{Error term}$	Coefficient of determination ( $R^2$ ) showed the percentage of $Y_1$ explained by $X_1$ . Pearson product moment correlation coefficient ( $r$ ) was used to establish relationship between $Y_1$ & $X_1$ , f ratio tested for the model fit & t-test was used to show statistical significance

**Table 3.2: Summary of Objectives, Hypotheses and Analytical Methods**

Objective	Hypothesis	Analytical technique	Model estimation	Interpretation of results
vi) To establish the relationship between employee outcomes and the performance of universities in Kenya.	<b>H6:</b> Employee outcomes have a positive effect on the performance of universities in Kenya	Linear regression analysis $P = f(\text{EO})$	$Y_2 = \alpha_5 + \beta_5 X_2 + \varepsilon_5$ $Y_2 = \text{Performance}$ $X_2 = \text{EO}$ $\alpha_5 = \text{constant}$ $\beta_5 = \text{coefficient for H6}$ $\varepsilon_5 = \text{Error term}$	Coefficient of determination ( $R^2$ ) showed the percentage of $Y_2$ explained by $X_2$ , Pearson product moment correlation coefficient ( $r$ ) was used to establish relationship between $Y_2$ & $X_2$ , $f$ ratio tested for the model fit & $t$ -test was used to show statistical significance
vii) To determine whether the relationship between transformational leadership and performance of universities in Kenya is direct or it is affected by either organizational characteristics or employee outcomes	<b>H7a):</b> Organizational characteristics mediate the relationship between transformational leadership and the performance of universities in Kenya	Multiple regression analysis to test for mediation $P = f(\text{TL})$ mediated by OC	$Y_3 = \alpha_6 + \beta_6 X_0 + \varepsilon_6 \dots (i)$ $X_1 = \alpha_7 + \beta_7 X_0 + \varepsilon_7 \dots (ii)$ $Y_3 = \alpha_8 + \beta_8 X_0 + \beta_9 X_1 + \varepsilon_8 \dots (i+ii)$ $Y_3 = \text{Org. performance}$ $\alpha_6, \alpha_7, \alpha_8 = \text{constants, } \beta_6, \beta_7, \beta_8 \text{ \& } \beta_9 = \text{coefficients}$ $X_0 = \text{TL, } X_1 = \text{OC}$ $\varepsilon_6, \varepsilon_7, \varepsilon_8 = \text{error terms}$	Coefficient of determination ( $R^2$ ) showed the percentage of $Y_3$ explained by $X_1$ . If $\beta_9$ was statistically significant it showed $X_1$ mediated the relation between $X_0$ and $Y_3$ . If $\beta_8$ was not significant then it showed that $X_1$ fully mediated the relation between $X_0$ and $Y_3$ . If $\beta_8$ was significant then it showed $X_1$ partially mediated the relation between $X_0$ and $Y_3$
	<b>H7b):</b> Employee outcomes mediate the relationship between transformational leadership and the performance of universities in Kenya	Multiple regression analysis to test for mediation $P = f(\text{TL})$ mediated by EO	$Y_4 = \alpha_9 + \beta_{10} X_0 + \varepsilon_9 \dots (i)$ $X_2 = \alpha_{10} + \beta_{11} X_0 + \varepsilon_{10} \dots (ii)$ $Y_4 = \alpha_{11} + \beta_{12} X_0 + \beta_{13} X_2 + \varepsilon_{11} \dots (i+ii)$ $Y_4 = \text{Performance}$ $\alpha_9, \alpha_{10}, \alpha_{11} = \text{constant, } \beta_{10}, \beta_{11}, \beta_{12} \text{ \& } \beta_{13} = \text{coefficients}$ $X_0 = \text{TL, } X_2 = \text{EO,}$ $\varepsilon_9, \varepsilon_{10}, \varepsilon_{11} = \text{error terms}$	Coefficient of determination ( $R^2$ ) showed the percentage of $Y_4$ explained by $X_0$ . If $\beta_{13}$ was statistically significant it showed that $X_2$ mediated the relation between $X_0$ and $Y_4$ . If $\beta_{12}$ was not significant then it showed $X_2$ fully mediated the relation between $X_0$ and $Y_4$ and if $\beta_{12}$ was significant then it showed $X_2$ partially mediated the relation between $X_2$ and $Y_4$
viii) To establish the strength of the joint effect of transformational leadership, organizational characteristics, employee outcomes and leader-member relations on the performance of universities in Kenya.	<b>H8:</b> The joint effect of transformational leadership, organizational characteristics, employee outcomes, leader-member relations on the performance of Universities in Kenya is stronger than that of the individual variables .	Multivariate regression - stepwise regression analysis $P = f(\text{TL, OC, EO, LMR})$	$Y_5 = \alpha + \beta_{14} X_0 + \beta_{15} X_1 + \beta_{16} X_2 + \beta_{17} X_3 + \varepsilon$ $Y_5 = \text{Performance}$ $\alpha = \text{constant, } \beta_{14}, \beta_{15}, \beta_{16}, \beta_{17} = \text{coefficients}$ $X_0 = \text{TL, } X_1 = \text{OC, } X_2 = \text{EO, } X_3 = \text{LMR, } \varepsilon = \text{Error term}$	Coefficient of determination ( $R^2$ ) showed the percentage of $Y$ explained jointly by $X_0, X_1, X_2,$ & $X_3$ . The $\beta$ coefficients were used to show which predictor variable had a higher effect on $Y_5$ & $t$ -test was used to test for statistical significance

Source: Student summary

### **3.8 Summary of the Chapter**

This chapter has presented the research methodology of the study. It comprised the philosophical orientation employed in the study, where the two main research approaches, a subjective (phenomenology/interpretive) approach and the objective (positivism) approach are discussed. The choice of the positivism approach (objective) that guided this study and its justification is presented.

The chapter then discusses and justifies the descriptive survey research design used in the study. The description of the population of the study, the data collection method, the instrument used and the nature of the respondents are also given. This is followed by the operationalization and measurement of the study variables and the corresponding questions in the research instrument. Data analysis techniques and the analytical models used in the study are presented and supported with relevant evidence. The chapter concludes with a summary of how hypothesis testing was done and an interpretation of the results also given.

## CHAPTER FOUR

### DATA ANALYSIS, INTERPRETATION AND DISCUSSION OF RESULTS

#### 4.1 Introduction

This chapter provides the findings of the study and the discussion of results. The main objective of this study was to determine the influence of organizational characteristics, employee outcomes and leader-member relations on the relationship between transformational leadership and performance of universities in Kenya. Specific objectives that touch on the relationship of the variables were also stated and have been addressed in the study.

The chapter is divided into five main sections: response rate, test of validity and reliability, , demographic results, hypotheses testing and discussion of results. Under the response rate, the administration of the research instrument to the target population and the actual response rate as well as the tests for validity and reliability as well as test for normality, multicollinearity and homogeneity are discussed. In the demographic results' section, key aspects of the study population and its concepts are analysed and presented. In the hypotheses testing section a rigorous attempt is made to validate the study's conceptual framework. In the discussion of results section, evaluation of the study findings will be used to show the extent to which the data analysed supports or rejects the hypotheses of the study

#### 4.2 Response Rate

The study targeted all the 52 fully-fledged universities in Kenya. Table 4.1 summarizes the response rate and the achieved sample by university category.

**Table 4.1: Classification of Participating Universities**

University Category	Target Pop	Response	% Response rate
Public Chartered	22	18	81.8
Private Chartered	17	11	64.7
Letter of Interim Authority (LIA)	11	8	72.7
Registered	2	1	50.0
<b>Total</b>	<b>52</b>	<b>38</b>	<b>73.1</b>

Source: Research Data

A total of 38 universities responded; thus a response rate of about 73% which was deemed sufficient for inference purposes given that a response rate of 50% and above was considered appropriate (Mugenda and Mugenda, 2003). This response rate is also consistent with previous studies: Kidombo (2007) had 64%, Monari (2013) got 80% and Busienei (2012) who got 69% which were considered high response rates. The achieved sample had a good representation of all the categories of the fully-fledged universities in Kenya: 14 (27%) of the universities did not respond, of these one university was found not to be operational, 3 openly declined to participate in the survey while the other 10 had not returned the research instrument by the close of the data collection period despite constant follow-up. All the questionnaires returned were processed.

The study used direct reports by the universities' top leadership Wang et al. (2005), and to increase the response rate, two respondents were used in most of the universities. A total of 58 respondents participated in the study. Where two responses were received from one university, an average of the two responses was computed to get one response for that university since data for the study was aggregated at the organizational level.

#### **4.3 Test of Validity and Reliability**

Validity of the questionnaire was tested in several ways including content analysis, where each item of the instrument was carefully analysed and checked to ensure that it conveyed the necessary message. As the instrument was divided into several sections, care was taken at the development stage to ensure that each section contained material that reflected the specific objective. Validity was checked through a thorough examination by research experts from the School of Business, University of Nairobi. The process involved several presentations to colleagues and doctoral programme resource persons as well as guidance from the researcher's supervisors.

A pre-test was done by administering the instrument to five top leaders from selected universities who were not included in the final study. They were asked to evaluate the statements for relevance and whether they were meaningful and clear. This approach of pre-testing the validity of a questionnaire had been used by other researchers like Dixon

et al (2001) and Munyoki, (2007). On the basis of the responses, amendments were made on the instrument to ensure validity for the purposes of the study.

During data collection, the Likert-type scale was mainly used to measure the various variables. As a result a reliability test was mandatory to check on the internal consistency of the data collection instrument. The most commonly used measure of reliability is the Cronbach's Alfa Coefficient and this was computed for all the variables used in this study as shown in Table 4.2.

**Table 4.2: Results of tests of Internal Consistency Reliability**

<b>Variable</b>	<b>Number of Items</b>	<b>Cronbach's Alpha Value</b>
Transformational Leadership	20	0.909
Organizational Characteristics		
• Structure	6	0.804
• Systems	4	0.861
• Strategy	9	0.746
• Technology	4	0.886
Employee Outcomes	16	0.933
Leader-member Relations	8	0.800
Organizational Performance	9	0.922

**Source:** Research Data

The Cronbach's Alfa reliability coefficient value ranges between 0 and 1; the closer the value is to 1 the greater the internal consistency of the items in the scale. Nunnally (1978) states that if the value of the coefficient is too low, either too few items were used or the items used had very little in common. He then recommended a value of 0.7 and above as the most adequate to show internal consistency. The recommendation by Nunnally (1978) was met in this study.

#### **4.4 Normality, Multicollinearity and Homogeneity**

Once data was collated, cleaned and edited, various aspects of both normality and multicollinearity were evaluated at aggregated constructs' variable level. For normality purposes, Q&Q graphs were used to evaluate normality of data distribution and all the variables conformed to the normal distribution plots i.e. there were no unique outliers. This argument is supported by Sekaran and Bougie (2013, Pg 244) who state that "From the central limit theorem, we know that the sampling distribution of the sample mean is

normally distributed. As the sample size  $n$  increases, the means of the random samples taken from practically any population approach a normal distribution with mean  $\mu$  and standard deviation  $\sigma$ . In sum, irrespective of whether or not the attributes of the population are normally distributed, if we take a sufficiently *large number* of samples and *choose* them with care, we will have a sampling distribution of the means that has normality". In the current study, each of the variable aspects was operationalized using between 4 and 20 attributes (see Table 4.2), thereby, increasing the sample space, hence, indexes computed for each variable can be said to have achieved normality.

The test for normality of the study variables using Kolmogorov-Smirnov (K-S) test was also done. According to this test a p-value  $>0.05$  indicates that there is significant evidence of normal distribution of test variables (Mordkoff, 2011). All the variables in this study conformed to this condition except for OC- structure (complexity) and this may be attributed to use of only one dimension to test for complexity. Table 4.3 summarises the K-S test outputs.

**Table 4.3: Kolmogorov-Smirnov (K-S) Test Results for Study Variables**

Variable	N	K-S (Z value)	P value
TL	38	0.581	0.889
OC – Structure (Formalization)	38	1.148	0.143
OC – Structure (Centralization)	38	1.248	0.089
OC – Structure (Complexity)	38	2.185	0.000
Systems	38	0.813	0.524
Strategy (Prospector)	38	0.629	0.824
Strategy (Defender)	38	1.239	0.093
Strategy (Reactor)	38	1.161	0.135
Technology	38	0.665	0.769
EO (Aggregated)	38	0.553	0.920
LMR	38	0.464	0.982
Performance	38	0.540	0.932

Source: Research Data

To evaluate multicollinearity, various variables within each construct were subjected to spearman coefficient of correlation analysis where significant relations were reported ( as guided in the hypothesis testing section), a composite average score comprising all individual components was used as a proxy of the variable (such as transformational leadership aspects were found to be highly correlated, hence a composite average score

was computed; employee outcomes aspects were also highly correlated). Given the uniqueness of the study population (institutions of higher learning) which is a highly controlled sector, and the homogeneity of products (degree programmes), similarities of nature and operations of the institutions can be sustained, hence homogeneity was assumed. This further supports the assumption for normal distribution properties of data.

#### 4.5 Demographic Results

This section provides a general descriptive analysis of the demographic characteristics of the study population. Respondents were asked to provide demographic information about themselves and their employer (the university). The study sought to establish the gender of the respondents and out of the 58 individual respondents, women comprised 16% (9 out of 58) and this depicts the high gender disparity at the highest level of management (top leadership) of universities in Kenya. The rest of the findings are presented in Tables 4.4 to 4.6.

##### 4.5.1 Respondents' Years of Service

To evaluate the suitability of the respondents to provide an objective opinion of how leadership is exercised in the universities, two questions were asked one on tenure with the university and the other on their tenure in the current position. A summary of working tenure is in Table 4.4.

**Table 4.4: Distribution of Respondents by Years of Service in Current University**

Years of Service	Frequency	Percent	Cumulative Percent
1 - 5	35	60.3	60.3
5 - 10	12	20.7	81.0
11 - 15	8	13.8	94.8
Over 15	3	5.2	100.0
Total	58	100.0	

Source: Research data

On the basis of the respondents' tenure presented in Table 4.4, nearly 80% of the respondents had been working in the current university for between 1-10 years, though 60% of the respondents had worked in the current university for between 1-5 years. It

should be noted that Kenya has experienced an expansion of university education in the last 5 years, hence the high percentage for tenure of between 1-5 years tenure of service. Most of the universities in Kenya came into being after the enactment of the University Act No. 42 of 2012. Given the longer period in university service, top leader in the Kenyan university were thought to have sufficient experience to respond to the study questionnaire.

#### 4.5.2 Respondents' Tenure in Current Position

The study sought to establish the respondents' tenure in their current position in the university. Leaders' tenure in this study refers to the number of years one had served in the current position. Following that most universities in Kenya are relatively young, a majority of the respondents (86%) had served in the current position for between 1-5 years and 8 of them (14%) had served in the current position for more than 5 years. The tenure of the top leaders in an organization indicates the time the leaders have had to demonstrate their ability as transformational leaders.

#### 4.5.3 Age of the Responding Universities

Age is a very important variable in many studies because as a dimension of time it often influences variables related to organizational behaviour such as performance. Further analysis was done on the basis of the age of the participating universities (where age was deemed to be the length of the period in which the university had operated as a fully-fledged university). Table 4.5 shows the age of the universities.

**Table 4.5: Distribution of Universities by Age**

Age in Years	Frequency	Percentage (%)	Cumulative Percentage
01- 10	21	55.3	55.3
11-20	08	21.1	76.3
21-30	04	10.5	86.8
31-40	03	7.90	94.7
41-50	01	2.6	97.4
51-60	01	2.6	100
<b>Total</b>	<b>38</b>	<b>100</b>	

**Source:** Research data

As indicated in Table 4.5, the majority of the universities in Kenya are relatively young having been in existence (as fully-fledged universities) for about 10 years (55.3%). Overall, 39% of the universities in Kenya (15 out of 38) had operated as fully-fledged universities for less than 5 years.

#### 4.5.4 Size of the Universities

The responding universities were also categorized on the basis of their size, where size was captured as the number of students enrolled in the university. The respondents had been asked to give the number of students registered in their universities. The results are summarized in Table 4.6.

**Table 4.6: Distribution of the Universities by Size (number of students enrolled)**

<b>Number of Students Enrolled</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percentage</b>
Fewer than 5000	20	52.6	52.6
5001 - 10000	7	18.4	71.0
10001 - 15000	5	13.2	84.2
20001 - 25000	1	2.6	86.8
25001 and over	5	13.2	100.0
<b>Total</b>	<b>38</b>	<b>100.0</b>	

**Source:** Research Data

Results presented in Table 4.6 indicate that most universities (over 50%) had fewer than 5,000 students enrolled, with only 13% of the universities having a huge student population (of over 25,000).

## **4.6 Descriptive Statistics for Measures of the Study Variables**

The current study is based on the interaction between several variables: transformational leadership, organizational characteristics, employee outcomes, leader-member relations and organizational performance. This section provides a brief summary of the variables.

### **4.6.1 Transformational Leadership**

In this study, transformational leadership was defined as a process in which leaders and followers help each other to advance to a higher level of morale and motivation, creating significant changes in the lives of people and organizations (Burns, 1978). As such, the current study evaluated the concept with respect to intellectual stimulation, idealised influence, attributed charisma, inspirational motivation and individualised consideration. This follows the operationalization of transformational leadership by Bass (1985) and was used by Bass and Avolio (1990), Hancott (2005) and Mwangi et al, 2011.

Table 4.7 provides a general profile of transformational leadership of the universities in Kenya. The respondents were asked to evaluate from their own perspective various statements in respect to the top leadership in their universities. A scale of 1-5 was used, where 1=strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=strongly agree, respectively.

As indicated in Table 4.7, the most dominant aspect of transformational leadership in the universities was inspirational motivation with a grand mean of 4.67, followed by idealised influence with a grand mean of 4.60. The least scored aspect was individualised consideration with a mean score of 4.15. However, it is worth noting that the five aspects of transformational leadership evaluated were highly dominant in the universities (maximum mean score was 5 the least being 1; results show all the five aspects had a mean score of above 4).

**Table 4.7: Descriptive Statistics for Measure of Transformational Leadership**

<b>Transformational Leadership Aspect</b>	<b>N</b>	<b>Mean</b>	<b>Std. dev</b>	<b>Grand mean</b>
<b>Intellectual Stimulation</b>				
Top leadership re-examines critical assumptions to question whether they are appropriate	37	4.34	0.578	4.25
Differing perspectives are sought when solving problems	38	4.22	0.695	
Top leadership gets others to look at problems from many different angles	38	4.14	0.677	
Top leadership suggests new ways of looking at how to complete assignments	38	4.29	0.589	
<b>Idealized influence</b>				
Top leadership talks about the most important values and beliefs	38	4.59	0.417	4.60
The importance of having a strong sense of purpose is specified	38	4.63	0.475	
Moral and ethical consequences of decisions are considered	37	4.58	0.521	
Top leadership emphasizes the importance of having a collective sense of mission	38	4.61	0.509	
<b>Inspirational Motivation</b>				
Top leadership talks optimistically about the future	38	4.76	0.344	4.67
Top leadership talks enthusiastically about what needs to be accomplished	38	4.75	0.381	
Top leadership articulates a compelling vision for the future	38	4.59	0.531	
Top leadership expresses confidence that goals will be achieved	38	4.58	0.500	
<b>Attributed Charisma</b>				
Top leadership instills pride in others for being associated with them	37	4.39	0.614	4.45
Top leadership goes beyond self-interest for the good of the university	38	4.64	0.449	
A sense of power and confidence is displayed	38	4.38	0.575	
Top leadership acts in ways that build others' respect for them	38	4.37	0.623	
<b>Individualized Consideration</b>				
Top leadership spends time teaching and coaching employees	38	3.91	0.706	4.15
Top leadership treats others as individuals rather than just as members of the university	38	4.16	0.679	
Top leadership considers individuals as having different needs, abilities and aspirations from others	38	4.34	0.689	
Top leadership helps others to develop their strengths	38	4.20	0.703	

Source: Research Data

#### 4.6.2 Organizational Characteristics

How well the key elements of an organization interact within a dynamic environment to achieve the set goals and objectives of the organization is critical to the success of the organization and of concern to transformational leaders. Organizational characteristics were operationalized using four elements of an organization: structure, systems, strategy and technology and a descriptive overview is presented here. The first aspect focused on

type of the operating structure and specifically level of formalization, centralization and complexity of the organization. Aggregated results for the type of the structure are presented in Table 4.8.

**Table 4.8: Descriptive Statistics for Measure of Organizational Characteristics-Structure**

Aspect	N	Mean	Std. deviation	Grand mean
<b>Structure - Formalization</b>				
The university makes use of job descriptions	38	4.45	0.645	4.50
There are written rules and procedures to govern decisions and working relationships within the university	38	4.55	0.655	
<b>Structure - Centralized</b>				
There is clear line of communication in the university	38	4.13	0.836	3.97
The university has centralized control	38	3.80	0.889	
<b>Structure - Complex</b>				
The university has a hierarchical structure within a combination of functions and tasks	38	4.66	0.452	4.66

**Source:** Research Data

Overall results indicate that universities in Kenya were complex (mean 4.66), meaning they have a hierarchical structure combining functions and tasks, followed by formalization (mean 4.5) depicted by use of job descriptions (mean 4.45, Std. dev 0.645) and highly guided by written rules and procedures (mean 4.55, Std. dev 0.655). The structure in the universities was deemed to be fairly centralized (mean 3.97) characterized by a clear line of communication and presence/absence of centralized control.

The second aspect of organizational characteristics evaluated was management systems. These are the standardized policies and mechanisms that facilitate work; they provide information on organizational and employee performance as well as facilitate the implementation of the organization's objectives. Four key management systems as recorded by Burke and Litwin (1992) were evaluated and the results are summarized in Table 4.9.

**Table 4.9: Descriptive Statistics for Measure of Organizational Characteristics-Management Systems**

Aspects	N	Mean	Std. dev	Grand mean
The university has a reward system to motivate staff	38	3.70	0.990	4.11
The university has systems for monitoring and evaluating organizational and staff performance	38	4.12	0.775	
The university has adequate planning budgeting and resource allocation systems	38	4.24	0.812	
The university has clear recruitment training development and promotion criteria (policy)	38	4.39	0.781	

**Source:** Research Data

As indicated in Table 4.9, respondents agreed that their institutions had put in place management systems (grand mean 4.11). The presence of a clear recruitment, training and development system was highly ranked (mean 4.39, Std. dev 0.781), followed by planning, budget and resource allocation (mean 4.29, Std. dev 0.812). The least ranked system was reward systems (mean 3.70, Std. dev 0.990).

The third aspect of organizational characteristics was strategy. This is the determination of the basic long-term goals and objectives of an organization, adoption of courses of action and the allocation of resources necessary for carrying out these goals. The study sought to investigate the kind of strategy adopted by most universities in Kenya. More specifically three key strategic behaviours were evaluated: prospector, defender and reactor (Miles and Snow, 1978). This classification was used, on the basis that the strategic responses being mutually exclusive, an organization can dominantly exhibit all the three. Results showing the descriptive overview of strategy are presented in Table 4.9.

Study results presented in Table 4.10 indicate that universities in Kenya can be considered to be dominantly defensive (grand mean 4.47) and prospective (grand mean 4.14). Results also indicate that the respondents did not view the universities as being reactive (grand mean 1.89), indicating that universities in Kenya rarely respond to pressures emanating from external agencies. This can be construed to mean that universities in Kenya are always ahead of the environmental concerns/pressures or are highly detached from changes in the external environment.

**Table 4.10: Descriptive Statistics for Measure of Organizational Characteristics-Strategy**

Aspect	N	Mean	Std. deviation	Overall mean
<b>Strategy - Prospector</b>				
The university continually redefines its service priorities	38	4.26	0.695	4.14
The university seeks to be the first to identify new modes of delivery	37	4.26	0.693	
The university uses the searching for new opportunities for service delivery as a major part of its overall strategy	37	4.22	0.712	
The university often changes its focus to new areas of service provision	38	3.83	0.953	
<b>Strategy - Defender</b>				
In the university emphasis is in efficiency of provision of service (e.g. high quality and low cost)	38	4.58	0.576	4.47
The university focuses on the core activities	38	4.50	0.735	
The university seeks to maintain stable service priorities	38	4.34	0.495	
<b>Strategy - Reactor</b>				
The university changes service provision only when under pressure from external agencies	38	1.96	0.940	1.89
The university explores new opportunities for service delivery only when under pressure from external agencies	38	1.82	0.926	

Source: Research Data

Organizational characteristics were also evaluated with respect to technology. Technology comprises information, equipment, techniques and processes required to transform inputs into outputs in an organization. The adequacy of technology adoption and use is said to be a key driver to transformation in organizations. Data on technology adoption and use was sought on a number of hard and software aspects of technology. However, the current study failed to get a reasonable response rate on the number of hard and soft forms of technology.

In this study, therefore, data on the number of hard and software aspects of technology was omitted in the analysis. This decision was informed by the argument by Sekaran and Bougie (2013) that the default option of handling two to three omitted items in a questionnaire; blank responses, is to ignore the items during analysis. According to Sekaran and Bougie (2013), such an omission was not likely to affect the results or create any bias as the study had gathered sufficient information on the concept affected. Given this situation, only the perceptual data on technology was used for analysis. Results of the analysis are summarized in Table 4.11.

**Table 4.11: Descriptive Statistics for Measure of Organizational Characteristics-Technology**

Aspects	N	Mean	Std. deviation	Overall mean
The work processes in this university are highly automated	38	3.58	0.997	3.93
This university uses technology to communicate internally (within departments) and externally (with customers suppliers partners)	38	4.18	0.662	
This university has a policy to guide technology use	38	4.11	0.790	
This university has adequate facilities and infrastructure to support technology	38	3.87	0.860	

**Source:** Research Data

The results in Table 4.11 suggest that universities in Kenya were ranked fairly with respect to adoption and adequacy of technology (grand mean 3.93). Strong areas were reported in use of technology to communicate and in the existence of ICT policies (mean 4.18 and 4.11 respectively). The results further suggest a weakness with respect to process automation (mean 3.58, std. dev. 0.997) and adequacy of facilities and infrastructure to support technology (mean 3.87, std. dev 0.860).

### **4.6.3 Employee Outcomes**

Certain employee outcomes are associated with transformational leadership and are a key variable in this study (Givens, 2008). Three aspects of employee outcomes were used: commitment, job satisfaction and OCB. The results on their manifestation in universities in Kenya are summarized in Table 4.12

**Table 4.12: Descriptive Statistics for Measure of Employee Outcomes**

Aspects of Employee Outcomes	N	Mean	Std. deviation	Overall mean
<b>Commitment</b>				
Employees identify with and are involved in the activities of the university	38	4.21	0.654	4.14
Employees prefer to stay with the university	38	4.12	0.692	
Employees feels a strong sense of belonging to the university	38	4.09	0.666	
<b>Job Satisfaction</b>				
Employees are satisfied with the working hours	38	4.25	0.623	3.82
Employees are enough with the work environment	38	3.93	0.909	
Employees are satisfied with their supervisors	38	3.83	0.747	
Employees are satisfied with the opportunities for promotion available in this university	38	3.78	0.76	
Employees are satisfied with their pay and other benefits	38	3.32	0.85	
<b>Organizational Citizenship Behavior</b>				
Employees offer suggestions for improving the work environment	38	4.17	0.629	3.85
Employees help new employees get oriented with the job	38	4.16	0.736	
Employees offer suggestions to improve on how work is done	38	4.16	0.616	
Employees say good things about the university to other people	38	4.03	0.657	
Employees help co-workers learn new skills or share job knowledge	38	4	0.626	
Employees come in early or stays late without pay to complete a project or task	38	3.72	0.883	
Employees volunteer for extra work assignments	38	3.7	0.969	
Employees use own vehicles supplies or equipment for university's business	38	2.89	1.079	

**Source:** Research Data

As indicated in Table 4.12, there was a greater sense of commitment among employees (grand mean 4.14) compared to OCB (grand mean 3.85) and job satisfaction (grand mean 3.82). This shows that in the confines of transformational leadership, it may be easier to ensure employee commitment than to nurture employee job satisfaction. However, empirical evidence was required to sustain this assertion. Overall, results further indicated top three aspects/levels of achievement (of employee outcomes) in the following aspects: job satisfaction with working hours (mean 4.25, std. dev 0.623), employee identification and involvement in university activities (mean 4.21, Std. dev 0.654) and employee offering suggestions for an improvement of work environment (mean 4.17, Std. dev 0.629).

#### 4.6.4 Leader-Member Relations

The nature of the leader-member relations impacts on follower performance, given the high degree of mutual trust, respect and obligations present in the relationship (Whittington, 2002). The current study was based on understanding the interaction between the leader and individual members as operationalized by LMX. As such, several aspects of LMX were evaluated and the results presented in Table 4.13.

**Table 4.13: Descriptive Statistics for Measure of LMX**

Aspect	N	Mean	Std. deviation	Overall mean
Employees respect the top leaderships knowledge and competence on their jobs	38	4.32	0.512	3.94
Employees are dependable	37	4.23	0.641	
Employees would come to the defense of the top leadership if they made an honest mistake	38	4.05	0.555	
Employees like the top leadership of this university	38	4.00	0.626	
Employees feel that the top leadership provide support and resources to them in order to meet the university goals	38	3.97	0.838	
Employees feel that the top leadership do not mind working hard for their subordinates	38	3.88	0.801	
Employees are independent	38	3.86	0.770	
Employees feel that the top leadership would defend their decisions even without complete knowledge of the issue in question	38	3.22	0.984	

Source: Research Data

As indicated in Table 4.13, the dominant aspects of LMX in universities in Kenya was employee respect for top leadership knowledge and competence on their job (mean 4.32, Std. dev 0.512) followed by employee dependability (mean 4.23, std. dev 0.641). It was noted that the respondents were indifferent (mean 3.22, std. dev. 0.984) when it came to employee feelings about the top leadership's likelihood to defend their employees' decisions without complete knowledge of the issue in question.

#### 4.6.5 Organizational Performance

Organizational performance deals with how well an organization is able to meet its objectives. An organization that is able to meet its objectives is perceived to be effective. The goal of every organization is to meet specific goals such as customer care, innovation, growth and cost effectiveness. There are many ways of measuring

performance that include profitability ratios. However, research shows that success is not just about profits but depends on the purpose for which performance is measured. The study sought to evaluate the overall performance of the universities in Kenya in the last three years. Data was sought on quantitative and qualitative aspects of performance. However, the current study failed to get a reasonable response rate on quantitative performance (financial performance). Given this situation, qualitative performance was used for analysis. The results of the qualitative aspects are summarized in Table 4.14.

**Table 4.14: Descriptive Statistics for Measure of Organizational Performance**

Organizational Performance Aspects	N	Mean	Std. dev	Overall mean
Products and services from the university are of high quality	38	4.57	0.535	4.23
The university enjoys a good public image	38	4.37	0.665	
The university continuously adopts new processes and procedures	38	4.28	0.675	
The operational efficiency has increased over the last three years	38	4.28	0.612	
The university is generally innovative	38	4.24	0.803	
The university has realized a high increase in output over the last five years	38	4.21	0.882	
This university has put in place mechanisms for ensuring quick response to customer complains	38	4.21	0.713	
The university has a high ability to retain employees over a long period of time	38	3.97	0.744	
This university has highly satisfied customers	38	3.93	0.699	

**Source:** Research Data

As indicated in Table 4.14, that products and services from universities in Kenya were of high quality was highly scored (mean 4.57, std. dev. 0.535), followed by ranking or enjoying good public image (mean 4.37, std. dev. 0.665). the least scored aspect of performance was “university has highly satisfied customers” (mean 3.93, Std. dev. 0.699). It is noted that on a possible score of between 1 and 5 (where 5 is best) all aspects had scores averaging 4.0-4.6 with a an overall mean score of 4.23.

#### 4.7 Test of Hypotheses

Eight hypotheses were derived from research objectives and the conceptual framework. Each hypothesis was tested using an appropriate statistical tool. The tests for each hypotheses and corresponding results are dealt with in this section.

#### 4.7.1 Effect of Transformational Leadership on Performance of Universities in Kenya

Hypothesis one proposed that transformational leadership influences performance. This was based on observations made by Ross and Offermann (1997), Pillai and Williams (2004), Hancott (2005), Wang et al (2005), and Givens (2008) as well as the theory on TF-TS leadership which posit that TL influence performance. This study, therefore, sought to empirically test this proposition.

***H1: Transformational leadership has an effect on the performance of universities in Kenya.***

The study further took cognizance of the fact that literature show that there are multiple facets of transformational leadership, and five aspects were singled out as developed by Bass and Avolio (1993). These are intellectual stimulation, idealised influence, attributed charisma, inspirational motivation and individualised consideration. A composite value aggregated as mean score of the individual aspects was also considered. The study first assessed the existence of a relationship between the various dimensions of transformational leadership, hence correlation analysis was performed and the results are summarized in Table 4.15.

**Table 4.15: Correlations Analysis (Pearson Correlation) of TL Aspects**

TL Aspect	IS (Intellectual Stimulation)	II (Idealized Influence)	IM (Inspirational Motivation)	AC (Attributed Charisma)	IC (Individualized Consideration)
IS (Intellectual Stimulation)	1				
II (Idealized Influence)	0.475**	1			
IM (Inspirational Motivation)	0.637**	0.467**	1		
AC (Attributed Charisma)	0.680**	0.291	0.538**	1	
IC (Individualized Consideration)	0.864**	0.425**	0.624**	0.640**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Source:** Research Data

As shown in Table 4.15, there exists a strong and significant relationship between the various dimensions of transformational leadership except for attributed charisma and idealised influence ( $R = 0.291$ ) that was weak and insignificant. The strongest association was reported for intellectual stimulation and individualised consideration ( $R = 0.864$ ),

followed by attributed charisma and intellectual stimulation ( $R = 0.680$ ). The observed significant association between the various aspects of transformational leadership suggests that leaders who show one type of behaviour are very likely to show behaviour indicative of all the other dimensions and therefore these dimensions should be viewed as a total package.

Indeed, most studies testing relationships between transformational leadership and other variables have aggregated the ratings across the dimensions to measure transformational leadership at the general level of the construct (Kark, Shamir, & Chen, 2003, Judge & Piccolo, 2004 and Sosik, Godshalk, & Yammarino, 2004). Given this, the current study evaluated the influence of each of these transformational leadership dimensions separately as well as the composite effect (aggregated as mean score of the individual dimensions). The results are summarized in Table 4.16.

**Table 4.16: Summary of the Results of Regression Analysis on the Effect of TL on Performance**

Hypothesis	Independent variable (TL) aspects	R	R <sup>2</sup>	Resulting Model	Model Significance		Parameter Significance	
					F Statistic	Sig F	T value	P-value
<b>H1:</b> Transformational leadership has an effect on the performance of universities in Kenya  OP = f(TL) NB 1: TL is disaggregated as IS, II, IM, AC, IC (rows a, b, c, d, & e).  NB 2: TL is aggregated (as a mean score of all individual aspects) (row f).	a) X = IS	0.654	0.428	$Y = 25.408 + 0.701X$	26.975	0.001	5.194	0.001
	b) X = II	0.379	0.144	$Y = 30.047 + 0.596X$	6.045	0.019	2.459	0.019
	c) X = IM	0.591	0.349	$Y = 1.016X - 10.338$	19.337	0.001	4.397	0.001
	d) X = AC	0.493	0.243	$Y = 28.27 + 0.637X$	11.579	0.002	3.403	0.002
	e) X = IC	0.615	0.379	$Y = 29.577 + 0.662X$	21.934	0.001	4.683	0.001
	f) X = TL	0.679	0.461	$Y = 1.072X - 9.885$	30.767	0.001	5.547	0.001

Where: Y = Performance, X = Transformational leadership, R = Strength of the relationship between X & Y, R<sup>2</sup> is the goodness of fit of the resulting model, F statistic tests the overall significance of the resulting model  
 T statistic tests the significance of individual parameter (beta coefficient)

Source: Research Data

When the dimensions of transformational leadership were assessed independently, intellectual stimulation (IS) appeared to have a better explanatory power of variation in performance ( $R^2 = 0.428$ ): thus 43% of changes in performance were accounted for by intellectual stimulation, followed by individualised consideration (IC) which accounted

for 38% of the variation in performance. The lowest explanatory power was reported for idealised influence (II) ( $R^2 = 0.144$  meaning only 14% variation in performance could be explained using idealised influence).

Despite the varying explanatory power ( $R^2$ ), it is worth noting that all dimensions of transformational leadership have a positive influence on the performance of universities in Kenya and all of them (dimensions of transformational leadership) had statistically significant influence on performance (at 5% significance level). Since a high correlation is known to exist between the dimensions of transformational leadership, in this case, a composite value of transformational leadership (TL) was regressed against performance (as opposed to performing a multiple linear regression analysis), as indicated in equation f of Table 4.16.

The results indicated a strong relationship between TL and performance ( $R = 0.679$ ), compared to each of the independent dimensions of the TL on performance. Similarly, the TL model had a better goodness of fit that was higher than the highest effect observed for the TL dimensions ( $R^2 = 0.461$  for TL  $> R^2 = 0.428$  for IS). The overall model was also highly significant ( $F=30.767$ ) as well as the significance of model coefficient (T - value = 5.547,  $p < 0.001$ ) compared to the statistically observed values for each of the individual TL dimensions. The results obtained in this study statistically support and confirm Hypothesis One that transformational leadership has an influence on the performance of universities in Kenya.

#### **4.7.2 Effect of Transformational Leadership on Organizational Characteristics of Universities in Kenya**

The second hypothesis was based on the premise that TL has an effect on organizational characteristics of an organization (Burke and Litwin, 1992, Nadler et al, 1995 and Pawar and Eastman, 1997). This presupposes that the leadership does influence how an organization is structured and managed. Given this argument, hypothesis H2 stated:

***H2: Transformational leadership has an effect on organizational characteristics of universities in Kenya.***

This study measured organizational characteristics based on four indicators: structure (formalization, centralization and complexity), management systems, strategy (prospector, defender, and reactor) and technology (adoption and use). The composite score of TL was used and the results are summarized in Table 4.17.

**Table 4.17: Summary of Results of Regression Analysis of the Effect of TL on Organizational Characteristics**

Hypothesis	Dependent variable (Y) - OC indicators	R	R <sup>2</sup>	Resulting Model	Model Significance	Parameter Significance	
					F Statistic	T value	
<b>H2:</b> Transformational leadership has a significant effect on organizational characteristics of universities in Kenya  OC = f(TL) OC = Structure, Systems, Strategy & Technology	Structure	Formalization	0.685	0.469	Y = 1.088X -5.887	31.812*	5.640*
		Centralization	0.575	0.330	Y = 1.171X - 23.875	17.736*	4.211*
		Complexity	0.449	0.202	Y = 42.502 + 0.575X	9.086**	3.014**
	Systems		0.660	0.435	Y = 1.325X -34.576	27.767*	5.269*
	strategy	Prospector	0.641	0.411	Y= 1.207X -24.707	25.112*	5.011*
		Defender	0.779	0.608	Y= 1.050X -3.061	55.733*	7.465*
		Reactor	0.286	0.082	Y = 103.345 - .744X	3.218	-1.794
		Technology	0.509	0.259	Y = 1.040X -12.974	12.581*	3.547*

Where: Y = Org characteristic and X = TL  
 \*P < 0.001, \*\*P < 0.05

Source: Research Data

As shown in Table 4.17, the test of the effect of TL on organizational structure indicated a strong association between TL and formalization (R = 0.685). Further, the results indicated that TL accounted for about 47% (R<sup>2</sup> =0.469) of the differences in the level of formalization in universities in Kenya. The results also indicated that TL had a positive and significant influence on dimensions of organizational structure aspects (at 5% significance level). Similarly, an association was found between TL and management systems (R = 0.660), leading to an explanatory power of 44% (R<sup>2</sup> =0.435) of the influence of TL on management systems. The results suggested a positive influence with both the overall model and individual parameter being statistically significant (F = 27.767; T value = 5.269, P < 0.001).

In respect of the influence of TL on strategy, statistically significant results were found for prospector and defender types of strategy. However, whereas TL had a positive influence on the prospector and defender strategy types used by universities, a negative

influence was found for the reactor type of strategy which was expected. Overall, better statistical results were reported for the influence of TL on the defender strategy ( $R = 0.779$ ,  $R^2 = 0.608$ ) compared to the prospector and reactor strategies ( $R = 0.641$ ,  $R^2 = 0.411$ ;  $R = 0.286$ ,  $R^2 = 0.082$ ) respectively.

Similarly, significant results were observed for the influence of TL on technology (adoption and use) at the universities; however, it is worth noting that though the influence was statistically significant ( $F = 12.581$ ,  $T$  value = 3.547,  $p < 0.001$ ), TL only accounted for about 26% ( $R^2 = 0.259$ ) of the variation in technology adoption and use at the universities. Given the tabulated results in Table 4.16 and the foregoing observations, this study supports the influence of TL on OC (with specific focus on structure, systems, strategy and technology). Hence, the study hypothesis that transformational leadership has an effect on organizational characteristics of universities in Kenya was supported.

#### **4.7.3 Effect of Transformational Leadership on Employee Outcomes of Universities in Kenya**

Job-satisfaction, commitment to the organization and OCB are some of the workplace employee outcomes associated with transformational leaders. This study hypothesized that transformational leadership does influence employee outcomes; it proposed to test the influence on performance of the universities in Kenya. Given this understanding, hypothesis three stated:

***H3: Transformational leadership has an effect on employee outcomes of universities in Kenya***

Employee Outcomes (EO) were assessed on the basis of commitment, job satisfaction and OCB. A composite score of TL was used and regression analysis was carried out. Despite EO being a dependent variable in this hypothesis, it would be considered as an independent variable in another hypothesis (Hypothesis 6); thus, as required in multiple linear regression analysis, correlation analysis was performed and the results are presented in Table 4.18

**Table 4.18: Pearson Correlation Coefficients for Employee Outcomes**

	Commitment	Job Satisfaction	OCB
Commitment	1		
Job Satisfaction	.762**	1	
OCB	.749**	.671**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data

As shown in Table 4.18, all three aspects of EO used in this study were significantly related. As such, it was appropriate to performed simple linear regression analysis for each of the three employee outcomes as well as for the aggregated score (mean score of the individual scores of the three outcomes) value. The results are summarized in Table 4.19.

**Table 4.19: Summary of the Results of Regression Analysis of the Influence of TL on Employee Outcomes**

Hypothesis	Dependent variable aspects (E.O)	R	R <sup>2</sup>	Resulting Model	Model Significance		Parameter Significance	
					F Statistic	Sig F	T value	P-value
Transformational leadership has a significant effect on employee outcomes of universities in Kenya $EO = f(TL)$ NB 1: EO Disaggregated as Commitment, Job satisfaction, OCB NB 2: E.O (Aggregated)	Commitment	0.662	0.439	$Y = 1.109X - 14.953$	28.118	0.001	5.303	0.001
	Job satisfaction	0.606	0.367	$Y = 1.040X - 15.204$	20.885	0.001	4.570	0.001
	OCB	0.732	0.536	$Y = 1.235X - 31.797$	41.643	0.001	6.453	0.001
	E.O (Aggregated)	0.737	0.543	$Y = 1.128X - 20.645$	42.714	0.001	6.536	0.001

Where Y = Employee Outcomes, X = TL

Source: Research Data

As shown in Table 4.19, the results indicated a statistical significance for the influence of TL on all three employee outcomes. The highest significance was observed for OCB (F = 41.643) as well as the strongest goodness of fit ( $R^2 = 0.536$ ), thus 53.6% of change in OCB was accounted for by TL. The lowest influence was noted for the influence of TL on job satisfaction ( $R^2 = 0.367$ ). The results indicated a positive influence of transformational leadership on employee outcomes for all the three outcomes.

When TL was regressed against the composite score for EO, the results indicated a slightly stronger relationship with TL ( $R = 0.737$ ), a better goodness of fit ( $R^2 = 0.543$ ); thus, when the influence of TL on composite score for EO was considered, 54% of change in EO was as a result of TL. This is a better fit compared to the influence of TL on commitment ( $R^2 = 0.439$ ), job satisfaction ( $R^2 = 0.367$ ), and OCB ( $R^2 = 0.536$ ). Further the regression model for the effect of composite EO and TL was statistically significant ( $F = 42.714$ ) as well as the contribution of TL in the resulting model ( $T = 6.536$ ,  $p < 0.001$ ). From the results obtained, the study confirms the hypothesis that transformational leadership influences employee outcomes of universities in Kenya.

#### **4.7.4 Moderating Effect of Leader-Member Relations (LMR) on the Relationship between Transformational Leadership and Employee Outcomes**

This study proposed that LMR is expected to play a moderating role on the relationship between TL and EO and sought to empirically test the proposition with reference to universities in Kenya. As such hypothesis four was formulated as:

***H4: Leader-member relations have a moderating effect on the relationship between transformational leadership and employee outcomes of universities in Kenya***

In this study, leader-member relations were operationalized as LMX. To test for the moderating effect of LMX on the relationship between EO and TL, the Baron and Kenny (1986) approach was used. The approach proposes for the introduction of a third variable (TL\*LMX). When the third variable is introduced in the regression model and a) TL variable becomes insignificant while TL\*LMX is significant, full moderation is assumed, b) If TL variable remain significant and TL\*LMX is also significant, partial moderation is assumed and c) if TL\*LMX is insignificant while TL variable remains significant, no moderation exists. To evaluate the hypothesis, the multiple regression analysis was used and the results are summarized in Table 4.20.

**Table 4.20: Results for the Moderating Effect of LMR on the Influence of TL on Employee Outcomes**

Hypothesis	Dependent variable aspects (E.O)	R	R <sup>2</sup>	Resulting Model	Model Significance		Parameter Significance	
					F Statistic	Sig F	T value	P-value
Leader-Member Relations have a moderating effect on the influence of Transformational Leadership on Employee Outcomes  EO = f(TL) moderated by LMX	E.O = F(TL)	0.737	0.543	Y = 1.128X -20.645	42.714	0.001	6.536	0.001
	E.O = F(LMX)	0.802	0.643	Y = 8.863 + 0.890X	64.964	0.001	8.060	0.001
	E.O = F(TL, LMX, TL*LMX)	0.851	0.724	Y = 2.221X <sub>1</sub> + 1.924X <sub>2</sub> - 0.018X <sub>3</sub> - 140.570  Where Y = EO, X <sub>1</sub> = LMX, X <sub>2</sub> = TL, X <sub>3</sub> = LMX*TL	29.691	0.001	-1.115	0.273

Source: Research Data

The results obtained and presented in Table 4.20 indicate statistical significance on the direct influence of TL on EO ( $R^2 = 0.543$ ,  $F = 42.714$ ,  $p < 0.001$ ), with TL influencing EO positively and significantly (T value = 6.536,  $p < 0.001$ ). Similarly, significant results were observed for the direct influence of LMR on EO ( $R^2 = 0.643$ ,  $F = 64.964$ ,  $p < 0.001$ ), with the influence being positive and statistically significant (T value = 8.060,  $p < 0.001$ ). However, when the moderation was tested, the overall model remained statistically significant ( $F_{\text{moderated}} = 29.691$  while  $F_{\text{TL}} = 42.714$ ;  $F_{\text{EO}} = 64.964$ ) with a higher goodness of fit ( $R^2 = 0.724$ , in comparison to  $R^2_{\text{TL}} = 0.543$ ;  $R^2_{\text{EO}} = 0.643$ ), but the moderating variable ( $X_3 - \text{LMX} * \text{TL}$ ) was not statistically significant (T value = -1.115,  $p > 0.05$ ).

The results, therefore, did not support a moderating role of LMX on the relationship between TL and EO. However, a direct influence of LMX on EO was noted. All in all, the hypothesis that leader-member relations have a moderating effect on the influence of transformational leadership on employee outcomes of universities in Kenya was not supported.

#### 4.7.5 The Effect of Organizational Characteristics on the Performance of Universities in Kenya

Part of the current study's conceptual framework proposed the existence of a causal relationship between OC and performance of universities in Kenya. This followed various arguments by scholars arguing for empirical evidence for the relationship between the two variables (Eisenbach et al, 1999). Based on this premise hypothesis five proposed:

**H5: Organizational characteristics have an effect on the performance of universities in Kenya**

To measure OC the current study used four indicators: structure, systems, strategy and technology adoption and use in line with the proposition by Whittington (2000) that these are critical elements in creating a competitive advantage that allows organizations to perform in ways that competitors cannot. The simple regression analysis was performed and the results are summarized in Table 4.21.

**Table 4.21: Results of Regression Analysis on the Influence of OC on Performance**

Hypothesis	Independent variable (X) aspects		R	R <sup>2</sup>	Resulting Model	Model Significance		Parameter Significance	
						F Statistic	Sig F	T value	P-value
Organizational characteristics influence performance of universities in Kenya	Structure	Formalization	0.619	0.383	$Y = 29.211 + 0.615X$	22.344	0.001	4.727	0.001
		Centralization	0.594	0.352	$Y = 48.092 + 0.460X$	19.586	0.001	4.426	0.001
		Complexity	0.462	0.214	$Y = 31.463 + 0.570X$	9.785	0.003	3.128	0.003
		Systems	0.810	0.656	$Y = 32.226 + 0.636X$	68.553	0.001	8.280	0.001
Performance = $f(OC)$	strategy	Prospector	0.624	0.390	$Y = 41.820 + 0.523X$	22.978	0.001	4.794	0.001
		Defender	0.716	0.512	$Y = 9.511 + 0.839X$	37.811	0.001	6.149	0.001
		Reactor	0.040	0.002	$Y = 85.477 - 0.024X$	0.057	0.813	-0.238	0.813
		Technology	0.617	0.381	$Y = 47.065 + 0.477X$	22.124	0.001	4.704	0.001
Where Y = Performance X = Org characteristic aspects									

Source: Research Data

Three dimensions of structure were used: formalization, centralization and complexity. The results in Table 4.21 indicate that there was a stronger relationship between formalization and performance ( $R = 0.619$ ) than with centralization and performance ( $R = 0.594$ ) and complexity and performance ( $R = 0.462$ ). The results also showed a weak goodness of fit between structure and performance (with  $R^2$  of 0.383, 0.352 and 0.214 for formalization, centralization and complexity, respectively). Nonetheless, the influence of structure (for each of the three dimensions on performance) was statistically significant  $F = 22.344, 19.586$  and  $9.785$ , respectively, for formalization, centralization and complexity. Systems was the single most influential indicator of OC on performance ( $R = 0.81, R^2 = 0.656, F = 68.553$  and the T-value  $8.280, p < 0.001$ ). As such management systems influenced performance positively and significantly.

Strategy was assessed from three dimensions: prospector, defender and reactor. The results indicated mixed results with the defender strategy having a better relationship with performance ( $R = 0.716$ ) compared to prospector ( $R = 0.624$ ) and reactor ( $R = 0.040$ ). As a strategy defender accounted for 51.2% ( $R^2 = 0.512$ ) of the variation in performance whereas prospector accounted for 39% and reactor for less than 1% of changes in performance. While the prospector and defender strategy were reported to statistically and significantly influence performance ( $F = 22.978$  and  $37.811$ ), the reactor strategy did not statistically and significantly influence performance ( $F = 0.057, T \text{ value} = -0.238, p > 0.05$ ) as predicted. The adoption and use of technology had a moderate relationship with performance ( $R = 0.617$ ), but the model had a weak goodness of fit ( $R^2 = 0.381$ ). Nonetheless, technology had a positive and statistically significant influence on the performance of universities in Kenya ( $F = 22.124, T \text{ value} = 4.704, p < 0.001$ ).

In view of the above findings, positive and statistically significant results were observed regarding the influence of OC indicators on performance except for reactor strategy where negative results were expected. A positive and statistically significant effect was found for structure (formalization, centralization and complexity), management systems, technology adoption and use and two dimensions of strategy (prospector and defender) on performance. However, a negative and insignificant effect was observed with respect

to the reactor strategy and performance. As such, the study results on OC influence on performance were supportive of the hypothesis that organizational characteristics influence the performance of universities in Kenya.

#### 4.7.6 Effect of Employee Outcomes on the Performance of Universities in Kenya

The current study sought to determine the influence of EO on organizational performance, hence the hypothesis six.

*H6: Employee outcomes have an effect on the performance of universities in Kenya*

EO was tested at four levels: commitment, job satisfaction and OCB and at the composite level (an average of the three indicators commitment, job satisfaction and OCB). This hypothesis was tested using simple linear regression and the results of the regression analysis are summarized in Table 4.22.

The results in Table 4.22 indicate that, commitment had the strongest relationship with performance ( $R = 0.808$ ,  $R^2 = 0.652$ ), followed by job satisfaction ( $R = 0.760$ ,  $R^2 = 0.578$ ), and least was OCB ( $R = 0.667$ ,  $R^2 = 0.445$ ).

**Table 4.22: Results of Regression Analysis of the Effect of EO on Performance**

Hypothesis	Independent variable aspects (E.O)	R	R <sup>2</sup>	Resulting Model	Model Significance		Parameter Significance	
					F Statistic	Sig F	T value	P-value
Employee outcomes influence performance of universities in Kenya  OP= f(EO)  NB 1: EO Disaggregated as Commitment, Job satisfaction, OCB NB 2: E.O Aggregated	Commitment	0.808	0.652	Y = 21.527 + 0.761X	67.576	0.001	8.220	0.001
	Job satisfaction	0.760	0.578	Y = 31.115 + 0.699X	49.271	0.001	7.019	0.001
	OCB	0.667	0.445	Y = 36.438 + 0.624X	28.875	0.001	5.374	0.001
	E.O (Aggregated)	0.823	0.678	Y = 17.689 + 0.849X	75.850	0.001	8.709	0.001

Where Y = Performance, X = Employee Outcomes

Source: Research Data

However, it is noted that despite the correlation coefficients, and goodness of fit, each of the three dimensions significantly and positively influenced performance ( $F = 67.576$ ,  $49.271$  and  $28.875$  for commitment, job satisfaction and OCB respectively at  $p < 0.001$ ). When performance was regressed against the composite EO score, better results were noted ( $R = 0.823$ ,  $R^2 = 0.678$ ,  $F = 75.850$  and T-value of  $8.709$ ,  $p < 0.001$ ), compared to the results obtained using each of the EO indicators of commitment (T-value  $8.220$ ;  $p < 0.001$ ), job satisfaction (T-value  $7.019$ ;  $p < 0.001$ ), OCB (T-value  $5.374$ ;  $p < 0.001$ ). The results therefore supported the hypothesis that employee outcomes influence performance of universities in Kenya.

#### **4.7.7 Mediating role of Organizational Characteristics and Employee Outcomes on the Relationship between Transformational Leadership and the Performance of Universities in Kenya**

This study predicted that organizational characteristics and employee outcomes would mediate the relationship between transformational leadership and performance and sought to empirically verify this proposition using the performance of universities in Kenya. Hypotheses H7a) and H7b) stated:

***H7a): Organizational characteristics mediate the relationship between transformational leadership and the performance of universities in Kenya***

***H7b): Employee outcomes mediate the relationship between transformational leadership and the performance of universities in Kenya***

To test for mediation of OC and EO on the influence of TL on performance as hypothesized, the Baron and Kenny (1986) approach was used. The two posit that some mediation is supported if the effect of the mediator variable remains significant in the presence of the independent variable (X). If the effect of the independent variable is no longer significant in the presence of the mediator, then full mediation is assumed to exist. However, if the effects of the mediating and independent variables significantly influence the dependent variable, partial mediation is assumed. Otherwise, no mediation exists if the effect of the mediator variable is insignificant while that of the independent variable remains significant in the presence of the mediator. The results obtained after testing for mediation are summarized in Table 4.23 and Table 4.24.

**Table 4.23: Summarised Results for the Mediation of OC on the Relationship between TL and Performance**

Hypothesis	Mediator variable		R <sup>2</sup>	F Statistic	Beta coefficient ( $\beta$ )		Parameter Significance		Comment
					( $\beta$ ) TL	( $\beta$ ) Med	T value	T-value mediated	
O/Characteristics mediates the influence of T/leadership on performance of universities in Kenya  Performance = f(TL), mediated by OC	Structure	Formalization	0.505	17.884**	0.480	0.290	TL: 2.944**	OC/F : 1.777	No mediation
		Centralization	0.523	19.164**	0.504	0.304	TL: 3.534*	OC/Ce: 2.130**	Partial mediation
		Complexity	0.492	16.942**	0.590	0.197	TL: 4.377*	OC/Co : 1.464	No mediation
		Systems	0.693	39.440**	0.256	0.641	TL: 2.052**	OC/Sy: 5.138*	Partial mediation
	strategy	Prospector	0.521	19.071**	0.473	0.321	TL: 3.106**	OC/S-P : 2.106**	Partial mediation
		Defender	0.550	21.350**	0.308	0.476	TL: 1.702	OC/S-D : 2.626**	Full mediation
		Reactor	0.487	16.607**	0.727	0.169	TL: 5.754*	OC/S-R : 1.334	No mediation
		Technology	0.560	22.299**	0.492	0.366	TL: 3.781*	OC/T : 2.814**	Partial mediation

\* p value < 0.001; \*\*p value < 0.05

Source: Research Data

As shown in Table 4.23, mixed results were observed; for instance, the results show full mediation for the defender strategy ( $F = 21.350$ ,  $p < 0.001$ ). According to the Baron and Kenny (1986) approach, the effect of TL ( $\beta = 0.308$ , T-value = 1.702,  $p > 0.05$ ) on performance was no longer significant in the presence of the mediator (the defender strategy) as indicated by the T values of the beta coefficients ( $\beta = 0.476$ , T-value = 2.626,  $p < 0.05$ ). These results indicated that the effect of TL on performance was not direct but rather was through defender strategy. This implies that a transformational leader uses the defender strategy to positively effect changes in performance. This finding is contrary to the assumptions of the typology of strategies developed by Miles and Snow (1978) who posit that transformational leaders question the status quo as opposed to transactional leaders who prefer to maintain the status quo. It was, therefore, expected that the prospector strategy would mediate the relationship.

Further, the relationship between TL and performance was partially mediated by centralization ( $F = 19.164$ ,  $\beta_{TL}=0.504$ ,  $\beta$  for mediator =0.304, T-value for TL =3.534, p value <0.001; T value for mediator = 2.130, p value < 0.05). According to Baron and Kenny (1986), the effect of TL on performance remained significant in the presence of the mediator as shown by the T values of the beta coefficients. It implies that, TL has some direct effect on performance that is not necessarily dependent on centralization. This finding was contrary to the prediction by Pawar and Eastman (1997) who proposed that formalization favour the emerging of transformational leadership. Applying the same argument as Baron and Kenny (1986), systems also had partial mediation on the effect of TL on performance as well as the prospector strategy and technology. It was observed that the models resulting from the mediated relationships were positive and statistically significant.

Despite the above findings on the mediating role of various OC indicators, no mediation was found with respect to formalization and complexity of structure, as well as the reactor strategy. The results indicate that the effect of TL on the performance of universities in Kenya is not dependent on formalization and complexity of structure and reactor strategy. As such, the findings of the current study were mixed, and therefore inconclusive as to the mediating role of organizational characteristics on the influence of the relationship between transformational leadership and performance.

**Table 4.24: Results for the Mediating Effect of EO on the Influence of TL on Performance**

Hypothesis	Test component	R	R <sup>2</sup>	Resulting Model	Model Significance		Parameter Significance	
					F Statistic	Sig F	T value	P-value
Employee outcomes mediate the influence of T/leadership on Org. performance of universities in Kenya	Per = $f(TL)$	0.679	0.461	$Y = 1.072X - 9.885$	30.767	0.001	5.547	0.001
	EO = $f(TL)$	0.737	0.543	$Y_1 = 1.128X - 20.645$	42.714	0.001	6.536	0.001
	Per = $f(EO)$	0.823	0.678	$Y = 17.689 + 0.849X_1$	75.850	0.001	8.709	0.001
OP = $f(TL)$ , mediated by EO	Per = $f(TL, EO)$	0.830	0.690	$Y = 5.167 + 0.249TL + 0.729EO$	38.868	0.001	TL: 1.134 EO: 5.078	TL: 0.265 EO: 0.001

Y = Performance, Y<sub>1</sub> = Employee Outcomes, X = TL, X<sub>1</sub> = Employee outcomes

Source: Research Data

As summarized in Table 4.24, the findings of the current study found a positive and statistically significant role of EO as a mediator of the relationship between TL and the performance of universities in Kenya. From the above results, full mediation was assumed as the independent variable (TL) was not significant in the presence of the mediator (EO). The effect of TL on performance was no longer significant in the presence of the mediator variable EO (Baron and Kenny, 1986). The T values of the beta coefficients for both TL and the mediator confirm this proposition ( $\beta_{TL} = 0.249$ , T-value for TL = 1.134,  $p > 0.05$ ,  $\beta$  for mediation = 0.729, T value mediated by EO = 5.078,  $p < 0.001$ ). The findings imply that the effect of TL on performance of universities in Kenya is not direct but rather through EO.

The overall mediating model was statistically significant ( $F = 38.868$ ,  $p < 0.001$ ) and had a better goodness of fit as indicated by the coefficient of determination ( $R^2 = 0.690$ ) compared to the individual influence of EO ( $R^2 = 0.678$ ) and TL ( $R^2 = 0.461$ ) on performance. The reported mediation of EO on the relationship between TL and performance was positive and statistically significant. In line with the foregoing observations, hypothesis 7b was statistically supported. It is thus concluded that employee outcomes mediate the influence of transformational leadership on performance of universities in Kenya.

#### **4.7.8 The joint effect of Transformational Leadership, Organizational Characteristics, Employee Outcomes, Leader-Member Relations on the Performance of Universities in Kenya**

On the basis of the study's conceptual model, it was predicted that all the variables involved in this study when put together, had a stronger effect on organizational outcome (performance). Thus the study's hypothesis eight was formulated.

**H8:** *The joint effect of transformational leadership, organizational characteristics, employee outcomes, leader-member relations on the performance of universities in Kenya is stronger than that of the individual variables.*

The multiple linear regression analysis was performed using TL, OC, EO LMR as predictor variables. Through the enter method of variable selection, only one variable OC-systems had a significant influence on performance. This necessitated a repeat of the exercise using stepwise variable selection. This process identified three regression models as summarized in Table 4.25.

As shown in Table 4.25, the first model introduced EO as the first predictor variable that had a significant influence on performance. From the model EO was found to have a significant influence on performance ( $F = 75.850$ ,  $p < 0.001$ ) with a goodness of fit as indicated by the coefficient of determination ( $R^2 = 0.678$ ). This imply that approximately 68% of change in performance was accounted for by EO. The beta coefficient in the model was positive and statistically significant ( $\beta = 0.823$ , T-value = 8.709,  $p < 0.001$ ), meaning that a unit change in EO caused 82% variance in performance. It was also observed that the constant variable ( $\beta_0 = 17.689$ , T value = 2.283,  $p < 0.05$ ) was positive and statistically significant.

The second model in Table 4.25 introduced OC-systems as the next significant predictor variable influencing performance. The overall model resulting from the two predictor variables (EO & OC-systems) was significant ( $F = 58.203$ ,  $p < 0.001$ ) and showed a better goodness of fit as indicated by the coefficient of determination ( $R^2 = 0.769$ ) compared to the influence of EO alone ( $R^2 = 0.678$ ). The beta coefficients of both EO ( $\beta = 0.497$ , T value = 4.139,  $p < 0.001$ ) and OC-systems ( $\beta = 0.445$ , T value = 3.706,  $p < 0.001$ ) had a positive and significant influence on performance. EO however, had a slightly higher influence compared to OC-systems. The constant variable ( $\beta_0 = 15.510$ ) remained significant in this model (T value = 2.320,  $p < 0.05$ ).

**Table 4.25: Results for the Joint Effect of TL, OC, EO and LMR on Performance (Output Models)**

Model	Model	R	R Square	F	Sig.	
1	Performance = $f(\text{Employee Outcome})$	0.823	0.678	75.850	0.001	
	Predictor Variable	Unstandardized Coefficients		Std. Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	17.689	7.749		2.283	0.028
Employee Outcome (EO)	0.849	0.097	0.823	8.709	0.001	
Model	Model	R	R Square	F	Sig.	
2	Performance = $f(\text{Employee Outcome, OC-Systems})$	0.877	0.769	58.203	0.001	
	Predictor Variables	Unstandardized Coefficients		Std. Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	15.510	6.686		2.320	0.026
Employee Outcome (EO)	0.512	0.124	0.497	4.139	0.001	
OC-Systems	0.349	0.094	0.445	3.706	0.001	
Model	Model	R	R Square	F	Sig.	
3	Performance = $f(\text{Employee Outcome, OC-Systems, Leader-Member Relations})$	0.892	0.795	43.915	0.001	
	Predictor Variables	Unstandardized Coefficients		Std. Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	8.752	7.171		1.220	0.231
	Employee Outcome (EO)	0.277	0.164	0.269	1.696	0.099
	OC-Systems	0.361	0.090	0.459	3.994	0.001
Leader-Member Relations	0.310	0.149	0.271	2.077	0.045	

Source: Research Data

As indicated in Table 4.25, the third model from the stepwise regression identified three predictor variables: EO, OC-systems and LMR as joint significant determinants of performance. The regression model was significant ( $F = 43.915$ ,  $R^2 = 0.795$ ,  $p < 0.001$ ), indicating a goodness of fit. All the three variables jointly explain about 80% of change in performance. This was higher than the explanation by each of the individual variables separately EO explained 68%, OC-systems explained 44% and LMR explained 56%. It is noted that when LMR was introduced in the model, the constant variable ( $\beta_0 = 8.752$ ) ceased to be statistically significant (T value= 1.220, p value  $> 0.05$ ) meaning that the resultant model is sufficiently supported and no other major factors influence the relationship.

Among the beta coefficients of the three predictor variables (EO, OC-systems & LMR) that of OC-systems was the most significant ( $\beta = 0.456$ , T value = 3.994,  $p < 0.001$ ), followed by LMR ( $\beta = 0.271$ , T value = 2.077,  $p < 0.05$ ) and the least significant was EO ( $\beta = 0.269$ , T value = 1.696,  $p < 0.1$ ). All three predictor variables had a positive influence on performance as shown by the beta values for each. All other variables (TL, OC-structure, OC-strategy, and OC-technology) did not contribute to the joint effect and were not statistically significant when all the predictor variables were jointly regressed on performance. Therefore, the current study rejects hypothesis eight and concludes that in the joint effect, not all the predictor variables as proposed in this study influence the performance of universities in Kenya.

#### **4.8 Discussion of Results**

By identifying gaps in past studies, this study deviates from previous studies by examining the impact of transformational leadership on organizational performance and factors or variables that influence that relationship. These variables employed in this study are organizational characteristics, employee outcomes and leader-member relations. The results of the study are discussed in this section to show the extent to which they are consistent with or contradict past empirical findings and theory. The discussion of the results will be guided by the objectives of the study as well as the hypotheses tested.

##### **4.8.1 Transformational Leadership has an Effect on Performance of Universities in Kenya**

The first objective of this study was to determine the relationship between transformational leadership and performance of universities in Kenya. It was hypothesised that transformational leadership has a significant effect on performance of universities in Kenya. The findings of the study showed a positive and statistically significant relationship between transformational leadership and performance of universities in Kenya ( $R = 0.679$ ,  $R^2 = 0.461$ ,  $F = 30.767$ , T value = 5.547,  $p < 0.001$ ). The transformational leadership theory holds that transformational leaders exude certain characteristics or elements that make them stand out.

According to Bass (1985) these elements are idealized influence, attributed charisma, inspirational motivation, intellectual stimulation and individualised consideration. When these elements of transformational leadership were tested individually, they all showed a positive and statistically significant relationship with performance, though at a lower level compared to that of the aggregated value. Intellectual stimulation had a very strong relationship with performance ( $R=0.701$ ). These results are similar to the results by Hancott (2005) whose study showed a similar relationship between transformational leadership and revenue. Both transformational-transactional theory and past research lend support to these findings.

Through their behaviours, transformational leaders interact and influence their followers in a way that is viewed as intellectually challenging, inspirational, sensitively considerate and supportive, as well as expressing a mission that is representative of their collective goals which are often associated with very productive organizations. From the descriptive findings of this study, the most dominant characteristic of the top leadership of universities in Kenya is inspirational motivation (grand mean = 4.67). The respondents perceived top leadership in Kenyan universities as leaders who talk optimistically about the future of their universities (mean 4.76, Std. Dev 0.34). The least dominant characteristic was individualised consideration (grand mean = 4.15), whereby top leaders of universities in Kenya perceived themselves as not spending sufficient time teaching and coaching their employees (mean 3.91, Std. Dev 0.71).

The other three characteristics, idealized influence, attributed charisma, and intellectual stimulation, all had a grand mean of above 4.0. These findings indicate that top leaders of universities in Kenya have a high perception of their transformational leadership traits similar to the results reported by Bass and Yammarino (1989) and Leli (1999). A mean score of 4 indicates that leaders of universities in Kenya exhibit all the characteristic behaviours of transformational leaders.

Research on leadership has dedicated a lot of effort on demonstrating the superiority of transformational leadership over other leadership styles in predicting organizational performance (Hancott, 2005). Consequently, scholars have given general support for the hypothesized relationship that transformational leadership has influence on organizational performance. Despite the moderate correlation between transformational leadership and performance ( $R = 0.679$ ), the results of this study show a positive and statistically significant support for the effect of transformational leadership on performance of universities in Kenya. This corresponds with findings in past studies by Bass (1998) and Pillai and Williams (2004) who established that transformational leadership has a direct effect on organizational performance. However, other studies have also reported contradictory positions regarding the influence of transformational leadership on organizational performance. For instance, findings by Ross and Offermann (1997) and Hancott (2005) found no significant relationship between transformational leadership and performance.

Given the foregoing, a number of reasons are proposed for the contradictory results. For example, Hancott (2005) argues that his findings could have been affected by other exogenous or endogenous factors such as structure and leader-member relations, while Ross and Offermann (1997) noted that their findings could have been affected by the context of their study. It is also noted that different measures of performance have been used; for example, Hancott (2005) used revenue, while Ross and Offerman (1997) used measures derived from three aspects: academics, athletics and military training. Further, that the comparative studies used in this study are from different contexts.

This study used qualitative measures of performance based on the perception of the universities' top leadership on various aspects of university performance such as customer satisfaction and a good public image. All in all, in the context of academic institutions, and the measure of performance used, the study supports the effect of transformational leadership on performance as first proposed by Bass (1985). Transformational leadership as predicted in this study was found to be positively and significantly related to the performance of universities in Kenya.

#### **4.8.2 Transformational Leadership has an Effect on Organizational Characteristics of Universities in Kenya.**

Objective two of the study was to determine the relationship between transformational leadership and organizational characteristics of universities in Kenya. The hypothesis that transformational leadership has an effect on organizational characteristics of universities in Kenya was tested through linear regression. The hypothesis tested the relationship between transformational leadership and four indicators of organizational characteristics: structure, systems, technology and strategy. The findings of the study supported the hypothesis that transformational leadership has a significant effect on organizational characteristics. In this study, structure was operationalized as formalization, centralization and complexity and all these three dimensions showed a positive and significant relationship with transformational leadership with formalization posting the strongest relationship ( $R = 0.685$ ,  $t = 5.640$ ,  $p < 0.001$ ) as compared to centralization and complexity.

What this means is that the structure of the universities which participated in this study is characterised by written rules and procedures and that these universities make use of job descriptions. This proposition is supported by other researchers who have pointed to potential positive implications of formalization in the facilitation of the work of professionals as it improves coordination and communication (Podsakoff, MacKenzie, and Bommer, 1996, Eastman, 1996, Shamir and Howell, 1999 and Walter and Bruch, 2010). The results are, however, informed by the fact that the role of organizational structure has largely been ignored in empirical research on leadership as stated by Shamir & Howell (1999) and Pawar & Eastman (1997) who theorised that organizational structure provides a more viable context for the emergence of transformational leadership behaviours. The results of this study confirmed this proposition.

Among the indicators of organizational characteristics, systems had the strongest relationship with transformational leadership ( $R = 0.660$ ,  $R^2 = 0.435$ ,  $F = 27.767$ ,  $T = 5.269$   $p < 0.001$ ). The results confirm the presence of management systems within universities in Kenya (performance appraisal, performance contracts, management information systems, recruitment, training and development) as confirmed by the

responses from the top leaders in the participating universities. Several scholars posit that the extent to which leaders are able to transform the needs, values, preferences and aspirations of followers from self-interest to collective interest will determine the level of control systems in place (Burns, 1978, House and Shamir, 1993, Pawar and Eastman, 1996 and Flamholtz, 1996) in an organization. The results of this study confirm this proposition with regard to the participating universities. It is noted that the grand mean for systems in this study was 4.11 (see table 4.9); a reasonably high confirmation by the top leaders of universities in Kenya that they have put in place management systems to control their processes.

Strategy was another of the indicators of organizational characteristics used in this study. It was operationalized using the Miles and Snow (1978) typology of prospector, defender and reactor dimensions. The results of this study show that the defender type of strategy had a stronger relationship with transformational leadership ( $R = 0.779$ ) compared to the prospector type of strategy ( $R = 0.641$ ). the reactor type of strategy had a negative and statistically insignificant relationship with transformational leadership ( $\beta = -0.286$ ,  $T = -1.794$   $p > 0.05$ ) as was expected. Despite the lack of empirical evidence, this study shows a positive and statistically significant influence for the use of prospector and defender strategies in universities in Kenya. Transformational leaders are expected to be proactive, constantly scanning their environments for possible threats, aligning their organizations with the appropriate strategy and as a result counter competition; the findings of this study are contrary to this assumption. The results showed that to a reasonable extent transformational leadership accounted for the defender type of strategy (60.8%) compared to the prospector strategy (41.1%);  $R^2 = 0.608$ , 0.411 for defender and prospector, respectively.

The results obtained from the descriptive statistics on strategy tally with the regression results in that the defender strategy had the highest mean score (overall mean = 4.47) as opposed to the prospector strategy that had an overall mean of 4.14. The top leadership perceived their universities as being dominantly defensive. According to Miles and Snow (1978) defenders are said to typically compete on price and quality rather than on new

products or markets and devote primary attention to improving the efficiency of their existing operations. It was noted that this aspect of the defender strategy was ranked highest by the respondents (mean = 4.58 in a range of 1-5, std dev. 0.576).

The unique results may be explained by three factors. First, that according to Boyne and Walker (2004) organizations that offer service to the public like universities are expected to pursue a mix of strategies that change over time depending on the circumstances. Second, the nature of universities that requires them to run degree programmes through fixed time frames before they are reviewed. Third, that university education in Kenya is regulated by the Government through CUE as mandated by the Universities Act No. 42 of 2012.

The act specifies the objectives of university education which among other objectives is “the promotion of quality and relevance” Section 3, sub-section 2 a). Quality education at low cost are key to higher education institutions world over. CUE, therefore, has the responsibility of promoting quality university education in Kenya. Two key functions of CUE (to promote and assure quality of university education and to monitor and evaluate the state of university education systems in relation to the national goals) show the extent of regulation the government has over universities in Kenya. According to Boyne and Walker (2004) this kind of regulation will influence the strategic orientation of organizations.

The last indicator for organizational characteristics as operationalized in this study was technology adoption and use. Transformational leaders provide greater contributions to the adoption and use of technology in organizations (Leng, 2008). The results of this study confirm this proposition in that it shows a positive effect of transformational leadership on the adoption and use of technology in the Kenyan universities ( $R = 0.509$ ,  $R^2 = 0.259$ ,  $F = 12.581$ ,  $T = 3.547$ ,  $p < 0.001$ ). This finding is in line with results of past studies (Anderson and Dexter 2005, Neufeld et al, 2007 and Afshari et al, 2012). Afshari et al (2012) found that although technology infrastructure is important, technology leadership is necessary for the adoption and effective utilization of technology in schools

and further that leadership is an important key factor in the effective use of technology in education. The transformational-transactional theory of leadership posits that transformational leaders through their intellectual stimulation behaviour, challenge followers' ideas and values for solving problems and encourage innovation.

The Kenyan Sessional Paper No.1 of 2005 states that the government appreciates and recognizes that an ICT literate workforce is the foundation on which Kenya can acquire the status of a knowledge economy. As such, the education and training sector has a major role to play in the implementation of the policy on ICT and the attainment of vision 2030. The paper observes that successful introduction and use of ICT in education and training institutions will play a key role in disseminating skills to the wider society and thus create positive impacts in the economy. The policy of the Ministry of Education on ICT is to integrate ICT education and training into the education and training systems to prepare learners for the future and equip the nation with ICT skills. To achieve these objectives, the ministry put in place implementation strategies one of which was to have institutions in the sector develop ICT policies to guide the adoption and use of technology.

The results of this study showed that the majority of the universities which participated in the study had an ICT policy in place (mean = 4.11 in a range of 1-5, std dev. 0.790). The positive findings of this study, therefore, indicate that the leadership of universities in Kenya encourages the effective use of technology through the transmission of a vision and a sense of mission for the comprehensive integration of technology within universities in line with the government policy.

#### **4.8.3 Transformational Leadership has an Effect on Employee Outcomes of Universities in Kenya**

Objective three of the study was to determine the relationship between transformational leadership and employee outcomes of universities in Kenya. The hypothesis that transformational leadership has a significant effect on employee outcomes of universities in Kenya was formulated and tested. The hypothesis tested the relationship between

transformational leadership and an aggregated value of the three aspects of employee outcomes: affective commitment, job satisfaction and OCB. The findings of the study showed a positive and statistically significant relationship between employee outcomes and transformational leadership of universities in Kenya ( $R = 0.737$ ,  $T = 6.536$ ,  $R^2 = 0.543$ ,  $p < 0.001$ ). From the results it is observed that transformational leadership caused 54.3% variance in employee outcomes.

Previous studies conducted in educational and non-educational contexts support the influence of transformational leadership on employee outcomes (Hatter & Bass, 1988, Pillai and Williams, 2004, Nguni et al, 2006 and Givens, 2008). Studies that have investigated the relationship between transformational leadership on follower outcomes of job satisfaction, organizational commitment and OCB have reported positive results (Bogler, 2001, Nguni, 2006 and Yang, 2012) similar to those reported in this study. The transformational-transactional theory states that leaders who are supportive provide an appropriate model, clarify their vision, foster common goals, and set challenging targets among workers have more satisfied and committed workers who engage in OCB (Burns, 1978 and Bass, 1985, 1990). The results of this study support this theory.

Research has shown that transformational leadership impacts follower job satisfaction (Hatter & Bass, 1995, Sadeghi and Pihie, 2013 and Mokgolo et al, 2012), commitment to the organization (Podsakoff et al., 1996, Doherty and Danylchuk, 1996 and Pillai and Williams, 2004,) and OCB (Bass, 1985, Podsakoff et al., 1990, Pillai et al., 1999 and MacKenzie et al., 2001). The findings of this study show a positive and statistically significant relationship between transformational leadership and employee outcomes, hence, confirming results obtained in previous studies conducted in educational and non-educational contexts. Theory and past research agree that transformational leadership enhances the development of followers, challenging them to be innovative, sharing their vision, inspiring them to perform beyond their expectations and motivating them to maintain high moral standards. The positive results of this study have confirmed this proposition in the case of the top leadership of universities in Kenya.

#### **4.8.4 Influence of Leader-Member Relations on the Relationship between Transformational Leadership and Employee Outcomes of Universities in Kenya.**

Objective four of the study was to establish the influence of leader-member relations on the relationship between transformational leadership and employee outcomes of universities in Kenya. The variable leader-member relations was operationalized as LMX. The hypothesis that LMX has a moderating role in the relationship between transformational leadership and employee outcomes measured by three indicators: job satisfaction, affective commitment and OCB, was subsequently formulated and tested. The results of the study did not support the moderating role of LMX. Further, despite the positive influence between transformational leadership and employee outcomes as well as employee outcomes and LMX, the moderating role of LMX on employee outcomes was negative.

The negative results may have been due to the fact that leader-member relations as operationalized by LMX were measured from the leader's perspective only. Scandura and Pellegrini (2008) suggest that a measure of LMX from both the leader's and the member's perspective may produce different results. They further suggest that the measurement perspective may determine the moderating effect of LMX in the relationship. The results of this study contradict the argument by Pettigrew (1987); Pawar and Eastman (1997) who posit that there are situational variables that enhance or moderate the transformational leadership effectiveness.

As suggested by Wang et al (2005), the use of a cross-sectional design as opposed to a longitudinal design may also have contributed to the current results. The theory on leader-member exchange posits that the strength of the relationship is dependent on the duration of the leader-member relationship. However, this proposition was contradicted by Hancott (2005). In his study on CEO's of the largest companies in Canada Hancott found that transformational leadership style is not determined by the duration of service of the leader. In this study, despite most of the universities in Kenya being relatively young, a majority of the respondents (86%) had served in the current position for

between 1-5 years, so the leader tenure is not likely to have influenced the results. The findings of the present study did not support the objective that leader-member relations have an influence on the relationship between transformational leadership and employee outcomes.

#### **4.8.5 Organizational Characteristics have an Effect on the Performance of Universities in Kenya**

Objective five of the study was set to establish the relationship between organizational characteristics and the performance of universities in Kenya. The study sought to test the hypothesis that organizational characteristics influence the performance of universities in Kenya. The hypothesis tested the relationship between four indicators of organizational characteristics used in this study: structure, systems, strategy and technology and organizational performance. There was a positive and significant relationship between all aspects of the organizational characteristics considered in this study and performance, except for the reactor strategy that showed a negative and insignificant relationship with performance ( $\beta = -0.024$ ,  $T = -0.238$ ,  $R^2 = 0.002$ ,  $F = 0.057$   $p > 0.05$ ) as was expected. The positive findings from this study generally support the hypothesis that organizational characteristics influence the performance of universities in Kenya.

The results of the study found that of the three dimensions of structure, formalization had a stronger relationship with performance of universities in Kenya ( $\beta = 0.615$ ,  $T = 4.727$ ,  $R^2 = 0.383$ ,  $F = 22.344$   $p < 0.001$ ) in that a unit change in formalization caused a 61.5% change in performance compared to centralization and complexity that had an effect of 46% and 57%, respectively. Similar results were obtained in past studies; for example, Garg and Krishnan (2003) found that two dimensions of structure formalization and decentralization were positively and significantly related to performance while Walter and Bruch (2010) found that formalization had a positive relationship with performance. Chung and Oh (2002) found that organizations with simple structures were more effective than organizations with complex structures.

The possible explanation is found in the Burns and Stalker (1961) and Robbins (2000) proposition that high levels of formalization are beneficial to organizations as they eliminate ambiguity. Organizational structure displays the system of tasks and authority relationship that control how employees use resources to achieve organizational goals. Structure is said to support strategy and, according to Drucker (1989), a good structure does not necessarily improve performance but a poor structure hinders good performance. The results showed that systems had a moderate relationship with performance in that 65.6% of change in performance was attributable to systems ( $\beta = 0.636$ ,  $T = 8.280$ ,  $R^2 = 0.656$ ,  $F = 68.553$   $p < 0.001$ ). Although there were no past studies to compare the results of this study to, the positive findings support the theory on organizational control systems which states that the use of organizational control systems improves individual and organizational performance (Ouch, 1979 and Flamholtz, 1983; 1996).

This study found that the defender type of strategy posted positive and statistically significant results ( $\beta = 0.839$ ,  $T = 6.149$ ,  $R^2 = 0.512$ ,  $F = 37.811$   $p < 0.001$ ) compared to the prospector and the reactor strategies. The  $\beta$  value indicates that a unit change in the defender strategy will cause 83.9% change in performance compared to only 52.3% due to the effect of the prospector strategy. This finding is supported by past studies; for instance Oyedijo and Akewusola (2012) found significant performance differences between prospector, defender, analyzer and reactor and that organizations compete in different ways, thus allowing for their classification. Tamalee, et al. (2008) found that, contrary to the expectation, the results of his study did not show differences in performance between firms using different strategies.

The adoption and use of technology which was another indicator of organizational characteristics used in this study had a positive and significant relationship with performance ( $\beta = 0.477$ ,  $T = 4.704$ ,  $R^2 = 0.381$ ,  $F = 22.124$   $p < 0.001$ ). Though moderately, the adoption and use of technology in Kenyan universities had an impact on performance. The respondents in this study were the top leadership of the universities in Kenya (vice-chancellors and their deputies). The role of the top leadership in any organization is to communicate the vision and to guide strategic planning. The leaders

achieve this by ensuring a shared vision through the involvement of others and empowering employees through inspiration, coaching, and training. They provide clarity to their subordinates by mapping desired outcomes to performance measures and by celebrating achievements through rewarding success, inspiring and modeling behaviours.

All the respondents attested to using standardized policies and mechanisms (systems) that facilitate work within the universities as a way of motivating employees and aligning their individual goals to the goals of the university to achieve and sustain high levels of performance. They also confirmed having an ICT policy in place to drive the adoption and use of technology in their universities. The results of this study support objective five that organizational characteristics influence the performance of universities in Kenya.

#### **4.8.6 Effect of Employee Outcomes on Performance of Universities in Kenya**

Objective six of the study was to establish the effect of employee outcomes on the performance of universities in Kenya. The hypothesis that employee outcomes have an effect on the performance of universities in Kenya was formulated. The hypothesis tested the relationship between three indicators of employee outcomes: affective commitment, job satisfaction, and OCB on performance. The results showed a strong, positive and statistically significant relationship between employee outcomes and performance ( $F=75.850$ ,  $p < 0.001$ ). The beta coefficient value ( $\beta = 0.849$ ,  $T = 8.709$ ,  $p < 0.001$ ) showed a strong relationship between employee outcomes and performance in that a unit change in employee outcomes caused 84.9% change in performance. The model resulting from this relationship had a goodness of fit ( $R^2 = 0.678$ ), meaning that 68% variance in performance of universities in Kenya was as a result of employee outcomes.

Limited empirical evidence from previous studies was found within which to compare the results of the current study. A similar limitation was also observed by Podsakoff and Mackenzie (1997). Kidombo (2007) established that affective commitment is positively related to organizational performance while Podsakoff and Mackenzie (1994) found a positive relationship between OCB and performance. The results of this study are similar

to those of the two researchers mentioned above and are in support of theories of motivation, specifically the McClelland's theory of needs, the goal-setting theory and the expectancy theory of motivation as well as the conceptualization of employee outcomes by previous scholars.

For instance, Givens (2008) argues that high employee performance leads to effective organizational productivity and performance, McClelland (1965) says that individuals with a high level need for achievement are motivated by the intrinsic reward they receive from achievement more than from the extrinsic reward they get from performance of their work. Whittington (2002) states that good people management is more important than all other factors in predicting profitability. A major concern of universities in Kenya today is how to achieve customer satisfaction; Emery et al (2007) state that a major determinant of customer satisfaction which is a non-financial organizational outcome within the service industry like universities is the attitude of customer contact personnel/employees. This study shows that employee outcomes (job satisfaction, organizational commitment and OCB) have a positive relationship with organizational performance of universities in Kenya as measured through non-financial factors.

#### **4.8.7 Effect of Organizational Characteristics and Employee Outcomes on the Relationship between Transformational Leadership and Performance of Universities in Kenya**

Objective seven of this study was to determine whether the relationship between transformational leadership and performance of universities in Kenya is direct or it is through organizational characteristics and employee outcomes. From this objective two hypotheses that organizational characteristics mediate the relationship between transformational leadership and performance of universities in Kenya and that employee outcomes mediate the relationship between transformational leadership and performance of universities in Kenya were formulated. The hypotheses tested the mediating effect of the two variables.

#### **4.8.7.1 Effect of Organizational Characteristics on the Relationship between Transformational Leadership and Performance of Universities in Kenya**

The hypothesis that organizational characteristics mediated the relationship between transformational leadership and performance tested the mediating effect of the four indicators depicting organizational characteristics in this study (structure, strategy, systems and technology) on the relationship between transformational leadership and performance of universities in Kenya. The results revealed mixed results for the indicators and even within the various dimensions of the indicators. The defender strategy fully mediated the relationship between transformational leadership and performance while centralization, systems, prospector strategy and technology showed partial mediation in the relationship between transformational leadership and performance. Formalization, complexity and the reactor strategy did not show any mediation.

There are two unique findings for structure and strategy as they contradict the expected outcome. According to Miles and Snow (1978) transformational leadership is associated with change, innovation and competition through the introduction of new products that are characteristic of the prospector strategy. However, the findings reveal that the defender strategy fully mediated the relationship between transformational leadership and performance which is contrary to the prediction by Miles and Snow (1978). According to the Baron and Kenny (1986) approach, full mediation is assumed to exist if the independent variable (in this case transformational leadership) ceases to be significant in the presence of the mediator, the defender strategy in this case. Prospector on the other hand had a partial mediation in the relationship. The contradicting result from the test of hypothesis two on the relationship between transformational leadership and organizational characteristics may be due to the fact that organizations that offer services to the public like universities are expected to pursue mixed strategies and that the mix would change depending on the situation. In the case of mediation, the defender type of strategy takes precedence. It was noted that this behaviour between the defender and prospector strategies has been consistent in this study for both descriptive statistics and hypotheses testing.

This study presupposed that formalization and not centralization would have an effect on the relationship between transformational leadership and organizational performance. However, this was not the case as formalization did not have any mediating role on the relationship while centralization had a partial mediation. It is worth noting that in this study formalization has reported positive and significant results in other hypotheses tested (2 and 5) on the relationship between transformational leadership and organizational characteristics and on the relationship between organizational characteristics and performance, respectively. This unique result contributes to theory and needs further investigation.

However, not many studies have been done to investigate the mediating effect of organizational characteristics on the relationship between transformational leadership and organizational performance. A study by Zhu et al (2005) found that Human Resource Management (HRM) practices (staffing, training, performance appraisal, and reward systems) mediated the relationship between transformational leadership, organizational performance and absenteeism. This is in agreement with the results of this study that showed a partial mediation by systems on the relationship between transformational leadership and performance. The results of this study are inconclusive in as far as the mediating role of organizational characteristic on the relationship between transformational leadership and performance of universities in Kenya is concerned. Thus, the objective seven that was to determine whether the relationship between transformational leadership and performance of universities in Kenya is direct or is through organizational characteristics was not supported.

#### **4.8.7.2 Effect of Employee Outcomes on the Relationship between Transformational Leadership and Performance of Universities in Kenya**

Objective seven was concerned with establishing if the relationship between transformational leadership and performance of universities in Kenya is direct or is through employee outcomes. The hypothesis that employee outcomes mediate the relationship between transformational leadership and the performance of universities in Kenya was formulated. The hypothesis tested the mediating effect of three aggregated

aspects of employee outcomes (job satisfaction, affective commitment and OCB) on the relationship between transformational leadership and performance of universities in Kenya.

When the composite value of the three indicators of employee outcomes (affective commitment, job satisfaction and OCB) were tested for mediation, the results showed full mediation of employee outcomes on the relationship between transformational leadership and performance of universities in Kenya ( $\beta$  (TL) = 0.249, T (TL) = 1.134,  $p > 0.05$ );  $\beta$  (mediating) = 0.729, T (Mediating) = 5.078,  $p < 0.001$ ). It is noted that transformational leadership ceased to be significant in the presence of employee outcomes. These findings indicate that the effect of transformational leadership on performance is not direct but rather through employee outcomes. This implies that the transformational leadership employed by the top leadership of universities in Kenya takes employee needs into account, leading to employee job satisfaction, commitment to the organizational and OCB. The improved employee outcomes cause positive changes in performance.

The findings of this study are similar to other empirical studies that have shown mediation on the relationship between transformational leadership and organizational performance with each of the dimensions of the employee outcomes (job satisfaction, affective commitment and OCB) tested individually. For instance, a study by Boerner et al (2007) showed a partial mediation of OCB, a study by Podsakoff et al (1990) showed mediation by job satisfaction and a study by Barling et al (1996) revealed mediation by organizational commitment. It was noted that the results of this study showed a complete mediation of the three combined variables of employee outcomes (organizational citizenship behavior, affective commitment and job satisfaction) on the relationship between transformational leadership and organizational performance and this adds to the transformational-transactional theory.

The major premise of the transformational leadership theory is the leader's ability to motivate their followers to accomplish more than what the followers planned to accomplish (Givens, 2008). Transformational leaders are said to influence subordinates

by motivating and inspiring them to achieve organizational goals (Bass & Avolio, 1995), inspire followers to achieve extraordinary outcomes by providing both meaning and understanding, align the objectives and goals of individual followers with those of the larger organization and provide followers with support, mentoring and coaching (Pillai and Williams, 2004 and Boerner et al, 2007). The results of this study support this theoretical proposition that transformational leaders have positive effects on their followers.

#### **4.8.8 The Joint Effect of Transformational Leadership, Organizational Characteristics, Employee Outcomes, Leader-Member Relations on Performance of Universities in Kenya.**

Objective eight of the study was to establish the strength of the joint effect of transformational leadership, organizational characteristics, employee outcomes and leader-member relations on the performance of universities in Kenya. The hypothesis that the joint effect of transformational leadership, organizational characteristics, employee outcomes, leader-member relations on performance of universities in Kenya was stronger than the effect of each individual predictor variable on performance was proposed. The hypothesis tested the joint effect of transformational leadership, organizational characteristics, employee outcomes, and leader-member relations on organizational performance.

After a multiple linear regression analysis was performed on the five predictor variables of this study using the enter method, only systems indicator of organizational characteristics was found to have a significant influence on performance. When the analysis was repeated using stepwise variable selection, systems, employee outcomes and leader-member relations showed a joint effect on performance. The effect was stronger, positive and statistically significant than that of the individual variables alone with performance. The results of this study are not conclusive on a joint effect of transformational leadership, organizational characteristics, employee outcomes and leader-member relations on organizational performance of universities in Kenya versus an effect of the individual predictor variables on performance.

When all variables were tested together, only three (systems, employee outcomes and leader-member relations) appeared to have an effect on performance. This effect was positive and statistically significant ( $R = 0.892$ ,  $R^2 = 0.795$ ,  $F = 43.915$ ,  $p < 0.001$ ). The results showed a strong relationship between the three variables and that about 80% of the variance in performance was attributable to systems, employee outcomes and leader-member relations. The beta coefficients were also found to be positive and significant ( $\beta$  (EO) = 0.277,  $T = 1.696$ ,  $p < 0.1$ ;  $\beta$  (OC-Systems) = 0.361,  $T = 3.994$ ,  $p < 0.001$  and  $\beta$  (LMX) = 0.310,  $T = 2.077$ ,  $p < 0.05$ ) for the three variables implying that 28%, 36% and 31% of variance in performance was due to unit changes in employee outcomes, systems and leader-member relations, respectively. There was however 5% of variance in performance not accounted for. Individually, each of these three predictor variables had a positive and strong relationship with performance that was lower than that of the joint effect ( $R^2$  for EO = 0.678,  $p < 0.001$ ,  $R^2$  for OC- systems = 0.656,  $p < 0.001$  and  $R^2$  for LMR = 0.557,  $p < 0.001$ ).

The other variables (structure, strategy and technology) did not contribute to the joint effect and appear to have been subsumed by employee outcomes, management systems and leader-member relations. However, it was noted that when each of these variables was regressed individually with performance they showed a significant effect though weaker than that of the three predictor variables isolated in the joint effect (see the  $R^2$  values: TL = 0.461,  $p < 0.001$ , structure (formalization) = 0.383,  $p < 0.001$ , structure (centralization) = 0.352,  $p < 0.001$ , structure (complexity) = 0.214,  $p < 0.05$ , Strategy (prospector) = 0.390,  $p < 0.001$ , Strategy (defender) = 0.512,  $p < 0.001$ , and technology = 0.381,  $p < 0.001$ ). It appears from this study that when variables with a strong effect on performance are put together with variables that have a weak effect on performance, those with a weak effect seem to be subsumed. From hypothesis eight, we conclude that there is a joint effect of employee outcomes, management systems and leader-member relations on the performance of universities in Kenya that is stronger than that of each of these predictor variables but not by transformational leadership, structure, strategy and technology. This implies that in terms of explaining the effects of transformational leadership on organizational performance, one only needs to be concerned with the few variables that jointly have a strong effect on performance.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This study focused on the relationship between transformational leadership and organizational performance of universities in Kenya. The purpose of the research was to empirically examine the effect of organizational characteristics, employee outcomes and leader-member relations on the relationship between transformational leadership and organizational performance. The study results as reported in chapter four have been analysed to arrive at findings based on the purpose and the specific objectives of the study. Accordingly, conclusions have been drawn from these findings as regards the research questions which were: what are the factors that influence the relationship between transformational leadership and performance of universities in Kenya?, is the effect of transformational leadership and performance of universities in Kenya direct or is it mediated by other factors?, and are there factors that moderate the relationship between transformational leadership and employee outcomes of universities in Kenya?

This chapter summarizes the research findings and the conclusions drawn. First a summary of the findings as they relate to each of the specific objectives are discussed. These are evaluated on the basis of the research questions and the purpose of the study and conclusions drawn. The chapter then discusses the recommendations and broad implications of the findings for theory, practice and policy in transformational leadership. Limitations of the study and recommendations for further research in the subject area are presented in the last sections. The structure of the chapter was guided by the research questions, study objectives and the hypotheses tested.

#### **5.2 Summary of Findings**

The findings of this research are presented in chapter four. A summary of the findings based on the study objectives are presented in this section. Implications and meaning of the findings in relation to the top leadership of universities in Kenya are discussed. We start by summarizing the findings on the relationship between transformational leadership

and performance, organizational characteristics and performance and employee outcomes and performance of universities in Kenya. The findings show a positive and moderately strong relationship between transformational leadership and performance and between organizational characteristics and performance but a stronger and positive relationship between employee outcomes and performance of universities in Kenya. What these findings mean is that the top leadership of universities in Kenya exhibit transformational leadership characteristics. Consequently, they influence employees in a way that is intellectually challenging, inspirational, sensitively considerate and express a mission that is representative of their collective goals that are associated with productive organizations.

Of all the four indicators of organizational characteristics used in this study, systems showed the strongest relationship with performance compared to structure, strategy and technology. This implies that the top leadership of universities in Kenya have in place policies, standards and control mechanisms that guide the behaviour of employees. Reactor type of strategy however, had a negative and non-significant relationship with performance at 95% level of confidence. This show that the top leadership of universities in Kenya are ahead of the environmental concerns and pressures. The findings of this study show that employees of the universities in Kenya are key to determining organizational performance. This means that commitment to the organization, job satisfaction and OCB are critical to the leadership of these organizations.

Another finding of this study is the significant role played by employee outcomes and defender type of strategy in mediating the relationship between transformational leadership and performance. The implications of these findings are that the leadership of universities in Kenya influence performance through their employees and strategic direction and not directly. When employees are motivated and their needs taken into account they will perform beyond expectation. Use of defender strategy means that these universities compete on price and quality rather than on new products and new markets. From the findings of this study, it is critical that the top leadership of universities in Kenya pay attention to improving the efficiency of their existing operations in order to remain competitive.

This study hypothesised that the joint effect of transformational leadership, organizational characteristics, employee outcomes, leader-member relations on performance of universities in Kenya was stronger than the effect of each individual predictor variable on performance. The findings from the test of the hypothesis established that there is a strong and statistically significant joint effect of organizational characteristics (systems), employee outcomes and leader-members relations on performance of universities in Kenya. Transformational leadership did not contribute to the joint effect. Equally three indicators of organizational characteristics as used in this study (structure, strategy and technology) did not contribute to the joint effect.

The joint effect of the three variables comprising organizational characteristics (systems), employee outcomes and leader-member relations on performance of universities in Kenya was stronger than the effect of each of the individual variables on performance. The strength of the joint relationship as shown by the R value was 0.892 that was higher compared to that of each of the individual variables systems ( $R = 0.810$ ), employee outcomes ( $R = 0.823$ ) and leader-member relations ( $R = 0.746$ ). This implies that in terms of explaining the effects of transformational leadership on organizational performance, emphasis should be put on the variables that have a stronger effect on performance. These variables are employee outcomes, management systems and leader-member relations.

### **5.3 Conclusions**

The main objective of this study was to determine the influence of organizational characteristics, employee outcomes and leader-member relations on the relationship between transformational leadership and performance of universities in Kenya. To achieve this main objective, specific objectives were stated to fully bring out the relationships under investigation in this study. Objective one was concerned with transformational leadership and performance of universities in Kenya. The results of the study supported this objective and we conclude that transformational leadership has a positive relationship with organizational performance of universities in Kenya. Despite the lack of relevant criteria for the measure of performance of universities in Kenya, the results of the study showed support for both theory and research.

The results of this study calls on the top leadership of universities in Kenya to avail themselves to the range of transformational leadership characteristics of attributed charisma, idealised influence, intellectual stimulation, inspirational motivation and individualised consideration as these behaviours are critical to success. The positive findings show that the top leadership of universities in Kenya has taken a leading role in ensuring the effectiveness of their universities thus disapproving the notion by Pounder (2001) that, the assumption to leadership in universities is based on research rather than on competence and training. We, therefore, conclude that, despite university leadership largely comprising of academic leaders, these are not removed from practical realities of their environment.

Objectives two and five were concerned with the relationship between transformational leadership, organizational characteristics and performance of universities in Kenya. The findings of this study confirm that universities have to balance a variety of demands from employee pressures, strategy formulation to counter the ever-increasing competition to technology change and adoption if they are to perform effectively. Transformational leaders are essentially change agents and change management is said to be driven from the top. This study involved the top leadership of universities in Kenya (vice-chancellors and their deputies) as they drive the institutions through their vision, strategy formulation and direction. We conclude that the role of a transformational leader can no longer be perceived as just an activity but something necessary for organizational survival.

The study found a positive relationship between the variables transformational leadership, organizational characteristics and performance. This is despite limited empirical support for the relationships. Rune (2005) recommended that a fit between the dimensions of the organizational characteristics and the environment is critical for organizational effectiveness. The results of this study support this recommendation. We, therefore, conclude that universities in Kenya are able to match their strategy with the correct structure, systems and appropriate technology for organizational effectiveness. However, further research to establish which organizational characteristic has the highest impact on performance in transformational leadership studies is recommended.

Objectives three and six were to determine the relationship between transformational leadership, employee outcomes and the performance of universities in Kenya. Transformational-transactional theory posits that transformational leadership behaviour motivates followers to identify with the leader's vision and sacrifice their interest for that of the organization, hence performing beyond their expectations (Bass, 1985). The results of the study showed a strong relationship between transformational leadership and employee outcomes (job satisfaction, affective commitment and OCB). We conclude that the top leadership of universities in Kenya exhibits transformational leadership behavioural characteristics, thus empowering their followers to perform beyond expectations.

Objective four was to establish the influence of leader-member relations on the relationship between transformational leadership and employee outcomes. The objective was not supported by the study despite the proposition from LMX theory that leaders have in-group members and out-group members with members of the in-group expected to have higher performance than those from the out-group. The hypothesised relationship did not conform to the social exchange theory which states that in exchange for providing personal and position resources, supervisors expect high performance from their subordinates. Our conclusion is that further research may be conducted to investigate the moderating factors in transformational leadership studies.

Objective seven was concerned with the mediating role of organizational characteristics and employee outcomes on the relationship between transformational leadership and performance. The results of this study show that the relationship between transformational leadership and performance of universities in Kenya is not direct but is mediated by factors within the organization and by employee performance. Employee outcomes and defender type of strategy had a full mediation while centralization, systems, prospector type of strategy and technology had a partial mediation in the relationship between transformational leadership and performance. We conclude that the top leadership of universities in Kenya need to take employee needs into account as a motivated workforce perform beyond expectations. Defender strategy compete on price

and quality hence it is critical that leadership of universities in Kenya pay attention to their existing operations with a view to making them more efficient.

Objective eight on the joint effect of transformational leadership, organizational characteristics, employee outcomes and leader-member relations on performance show that only employee outcomes, systems and leader-member relations had a significant effect on performance when all the variables were tested together. Thus the current study concludes that transformational leadership does not directly influence organizational performance but has an indirect influence through other variables namely, employee outcomes, management systems and leader-member relations. Leadership through and with employee engagement, coupled with establishing and enforcing appropriate management systems leads to superior performance.

#### **5.4 Recommendations and Implications of the Study**

From the discussions and findings of this study, we find it necessary to make recommendations and state some implications that may be important to policy makers, practicing managers of universities in Kenya, for theory and methodology. The recommendations and implications are covered in this section.

##### **5.4.1 Implications and Recommendations for Policy and Practice**

Education in many developing countries has been considered the cornerstone and pillar for economic growth and development. As a result higher education institutions play a key role in influencing capital development. Visionary leadership and sound policies that improve on employee outcomes to ensure a fit between the environment and organizational characteristics and consequently improve on performance will strengthen the position of universities as a fundamental sector in generating human capital to meet the county's developmental and economic needs.

The findings of this study show that transformational leadership has an impact on the performance of universities in Kenya and that this relationship is partly influenced by organizational characteristics and employee outcomes. Employee and organizational related factors are among challenges facing universities in Kenya today. It is, therefore, recommended that the universities' councils or boards of trustees of these universities put in place policies that address these challenges.

The positive and significant results of this study on the relationship between technology and performance show that top leadership of universities in Kenya consider technology adoption and use as key to organizational performance. However, the response to whether the university has adequate facilities and infrastructure to support technology was among the least ranked responses. It is recommended that the governing bodies of these universities ought to give priority to improvement and maintenance of ICT infrastructure for effectiveness.

In terms of practice, the findings of this study are useful to the leadership of Kenyan universities in the formulation of strategies for improving performance and in developing leadership training policies for universities in Kenya. Based on the results of this study, the top leadership of universities in Kenya and their institutions may experience increased performance if some focused time was spent learning about transformational leadership. Training in leadership is known to enhance organizational effectiveness and performance. Given the dynamic environment in which universities in Kenya operate and the challenges facing the top leadership, the success of these institutions will require leadership skills and competences in transformational leadership through well-developed leadership training programmes.

Further, universities in Kenya need to develop a uniform performance measurement system that takes cognizance of the non-profit nature of universities and their role in society. The performance measurement method should be applicable across all universities as it will be useful in determining the effectiveness of universities.

### **5.4.2 Implications and Recommendations for Theory**

The results of this study add to the knowledge on the mediating effect of organizational characteristic particularly strategy and management systems as well as employee outcomes on the relationship between transformational leadership and performance. Critics of the transformational-transactional theory have argued that factors that enhance the effectiveness of transformational leadership on performance are not well addressed (Yulk, 1999) by the theory. The findings of this study put this criticism to question since employee outcomes and defender strategy fully mediated the relationship between transformational leadership and performance. It further confirms the argument by Pettigrew (1987); Pawar and Eastman (1997) that there are situational factors that enhance or moderate the transformational leadership effect on performance like structure, strategy, systems and technology and that the strengths of the effects vary for different variables.

The negative results on the moderating role of leader-member relations on the relationship between transformational leadership and employee outcomes also have implications to the LMX theory. The LMX theory assumes that, leaders have in-group and out group members and that in-group members exhibit high quality leader-member relations that contribute to high productivity and employee satisfaction (Scandura and Graen, 1984). In this study LMX was expected to enhance the relationship between transformational leadership and employee outcomes, the negative results from this study require further study to confirm these findings to establish whether the LMX theory needs re-examination.

The findings of this study empirically contribute to the existing body of knowledge by confirming that transformational leadership style influences performance. Transformational leadership behaviour contribute 46% of variance in performance of universities in Kenya. The 54% not accounted for may be as a result of other exogenous or endogenous factors not considered in this study like quality control bodies, tenure of the top leadership, category of university. A study to establish how these factors contribute to performance may expand the body of knowledge on transformational leadership.

According to the transformational-transactional theory of leadership and the assumptions by Miles and Snow (1978), prospector strategy is associated with transformational leadership while defender strategy is associated with transactional leadership. The results of this study have contradicted these assumptions in that the defender strategy was found to have a stronger relationship with transformational leadership and the performance of universities in Kenya. These results have implications for both theory on transformational leadership and the Miles and Snow's typology. This study recommends the confirmation or otherwise of these results through further investigations in other organizations.

### **5.5 Limitations of the Study**

Although the current study yielded some interesting results, there are limitations that could hinder their generalization. Data collection was cross-sectional and causality of the nature that longitudinal studies would allow cannot be inferred, despite cross-sectional data collection method being one of the major research methods used in organizational behaviour (Spector, 1994, Pillai and Williams, 1990 and Wang et al, 2005). Further, that the study was based on self-reports which limit the conclusions that can be drawn due to the potential influence of the common method variance in producing inflated correlations. To minimize the influence of the common method variance this study used two respondents from the universities as multiple respondents are known to eliminate single-source bias (Priem et al, 1995).

Relying simply on quantitative research does not allow for a complete understanding of complex leadership behaviour. It is important, for instance, to supplement quantitative research with qualitative research through in-depth case studies or face-to-face interviews with selected leaders or managers. This study measured employee outcomes and leader-member relations only from the leader's perspective. We suggest that further research that measures these variables from the leaders and the members' perspective be undertaken to examine whether a measurement perspective may act as a moderator of the relationship between different types of variables.

Despite its common usage in social sciences and business/management studies, Chimi and Russel (2009) observed that the Likert type of scale has inherent limitations. They posit that the responses given through the Likert type scale are dynamic, quantitative and continuous and are poorly captured by the existing Likert scale items. They further argue that the researcher's ability to analyse, study and draw conclusions from such data has been impeded by a limited number of discrete points available for analysis through the results generated from Likert scale items.

Further, the Likert scale does not sufficiently account for respondents who have sufficient knowledge of the subject under study but who do not have a response towards it as well as those who are insufficiently knowledgeable about the subject matter to be able to form a response. Another limitation was that, despite the present study employing an established measure of performance (Kaplan and Norton, 2002), the researcher was unable to collect objective measures of performance from universities in Kenya and ended up using the self-reported measures of qualitative performance. In as much as care was taken to minimize the effects of these limitations, we submit that some of the limitations are expected to be inherent in the conclusions drawn out of this study.

## **5.6 Areas for Further Research**

Most research on transformational leadership has taken place in the developed world than in the developing world including Africa and particularly in Kenya. The results of this study confirm the Bass (1985, 1998) claim on the universality of the transformational-transactional theory across nations and societies. Bass (1985) argued that the same conception of the transformational phenomenon and relationships can be observed worldwide in a range of organizations and cultures and that any exceptions to this generalization will be due to the peculiarities of an organization. However, more research on transformational leadership in Kenya is required to further confirm the universality claim on the transformational-transactional theory suggested by Bass (1985).

Studies examining the possibility of mediating or moderating linkages between transformational leadership and performance through key predictor variables (employee outcome behaviours and organizational characteristics) would be instructive. A study using performance measurement criteria that capture the role of universities in Kenya may confirm the theory by Bass (1985) that transformational leadership leads to organizational effectiveness. This study established that universities in Kenya are able to match their strategy with the correct structure, systems and appropriate technology for organizational effectiveness. Further research to establish which organizational characteristic has the highest impact on universities' performance in transformational leadership studies is recommended.

Since the present study did not establish a moderating role of leader-member relations on the relationship between transformational leadership and employee outcomes contrary to the LMX theory, further research to confirm if there are other factors that moderate the relationship may be useful. The context of this study was universities in Kenya and considered the impact of Transformational leadership on both the organizations and the employees in these institutions from the top leadership perspective. It made use of both mediating and moderating variables. A similar study in a different context to see if same results will be obtained may confirm the methodology used in this study.

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## RESEARCH QUESTIONNAIRE

This questionnaire is designed to collect data from universities in Kenya which will be analysed to establish the influence of organizational characteristics and employee outcomes on the relationship between transformational leadership and organizational performance. The data will be used for academic purposes only and will be treated with strict confidence. It is to be completed by members of top management; preferably the Vice-Chancellors and the Deputy Vice-Chancellors in these institutions. The questionnaire is divided into various sections in order to adequately cover the various objectives of the research. Please answer the questions as precisely as possible. Feel free to seek further clarification on the questionnaire.

**PART I: Demographic Data**

1. Name of university \_\_\_\_\_  
(Optional)

2. Category of this university?

Public ( ) Private Chartered ( ) LIA ( ) Registered ( )  
(*Letter of Interim Authority - LIA*)

3. In what year was this university established? \_\_\_\_\_

4. Please indicate your job  
title \_\_\_\_\_

5. Gender: Male ( ) Female ( )

6. How many years have you worked with this university?

1-5     6-10     11-15     over 15 years

7. How many years have you served in the current position in this university?

1-5     6-10     11-15     over 15 years

8. How many permanent employees does this university have?

- a. Less than 1000 ( )
- b. 1001 – 2000 ( )
- c. 2001 – 3000 ( )
- d. 3001 – 4000 ( )
- e. 4001 – 5000 ( )
- f. Over 5000 ( )

9. How many students are enrolled in this university?

- a. Less than 5000 ( )
- b. 5001 – 10000 ( )
- c. 10001 – 15000 ( )
- d. 15001 – 20000 ( )
- e. 20001 – 25000 ( )
- f. Over 25000 ( )

**PART II: Transformational Leadership**

This part is to describe your university’s top leadership style as you perceive it. Please answer all items in this section. There are twenty descriptive statements, indicate to what extent you agree with the statement regarding the university’s top leadership. The word “others” may mean your peers, clients, your subordinates or all of these individuals. Use the following rating scale:

<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

10. The top leadership in this university

	<b>Aspect:</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
10.1	Re-examines critical assumptions to question whether they are appropriate					
10.2	Talks about the most important values and beliefs					
10.3	Seeks differing perspectives when solving problems					
10.4	Talks optimistically about the future					
10.5	Instills pride in others for being associated with them					
10.6	Talks enthusiastically about what needs to be accomplished					
10.7	Specifies the importance of having a strong sense of purpose					

	<b>Aspect:</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
10.8	Spends time teaching and coaching employees					
10.9	Goes beyond self-interest for the good of the university					
10.10	Treats others as individuals rather than just as member of the university					
10.11	Acts in ways that builds others' respect for them					
10.12	Considers the moral and ethical consequences of decisions					
10.13	Displays a sense of power and confidence					
10.14	Articulates a compelling vision of the future					
10.15	Considers individuals as having different needs, abilities, and aspirations from others					
10.16	Gets others to look at problems from many different angles					
10.17	Helps others to develop their strengths					
10.18	Suggest new ways of looking at how to complete assignments					
10.19	Emphasizes the importance of having a collective sense of mission					
10.20	Expresses confidence that goals will be achieved					

### **PART III: Organizational Characteristics**

**11.** Indicate to what extent you agree with the following statements about this university

<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

<b>Aspect</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>a) Structure</b>					
11.1 The university makes use of job descriptions					
11.2 There is a clear line of communication in the university					
11.3 There are written rules and procedures to govern decisions and working relationships within the university					
11.4 The university has a hierarchical structure with a combination of functions and tasks					
11.5 The university has a centralized control					
<b>b) Systems</b>					
11.6 The university has a reward system to motivate staff					
11.7 The university has systems for monitoring and evaluating organizational and staff performance					
11.8 The university has adequate planning, budgeting and resources					

<b>Aspect</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
allocation systems					
11.9 The university has a clear recruitment, training, development and promotion criteria (Policy?)					
<b>c) Strategy</b>					
11.10 The university continually redefines its service priorities					
11.11 The university seeks to be first to identify new modes of delivery					
11.12 The university uses the searching for new opportunities for service delivery as a major part of its overall strategy					
11.13 The university often changes its focus to new areas of service provision					
11.14 The university seeks to maintain stable service priorities					
11.15 In the university, emphasis is in efficiency of provision of service (e.g. high quality and low cost)					
11.16 The university focuses on the core activities					
11.17 The university changes service provision only when under pressure from external agencies					
11.18 The university explores new opportunities for service delivery only when under pressure from external agencies					
<b>d) Technology</b>					
11.19 The work processes in this university are highly automated					
11.20 This university uses technology to communicate internally (within departments) and externally (with customers, suppliers, partners)					
11.21 This university has a policy to guide technology use (in planning, development of information systems, support and training mechanisms)					
11.22 This university has adequate facilities and infrastructure to support technology					

**12.** Please indicate the following as pertains to this university

- i) ratio of computers to staff \_\_\_\_\_
- ii) ratio of computers to students \_\_\_\_\_
- iii) % of large Lecture halls/rooms/theatres that are technology-ready for teaching (use LCD projectors, laptops, interactive boards, public address systems) \_\_\_\_\_
- iv) Number of hotspots \_\_\_\_\_

**PART IV: Employee Outcomes**

**13.** The statements below concern how employees feel about your university and their work. Indicate your perception on the following statements about your employees' feelings

<b>Strongly Disagree</b> 1	<b>Disagree</b> 2	<b>Neutral</b> 3	<b>Agree</b> 4	<b>Strongly Agree</b> 5
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<b>Aspect</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>a) Commitment</b>					
13.1 Employees feel a strong sense of "belonging" to the university					
13.2 Employees prefer to stay with the university					
13.3 Employees identify with and are involved in the activities of the university					
<b>b) Job satisfaction</b>					
13.4 Employees in this university are satisfied with the working hours					
13.5 Employees in this university are satisfied with their pay and other benefits					
13.6 Employees are satisfied with the opportunities for promotion available in this university					
13.7 Employees in this university are satisfied with the work environment (tranquility, office space, equipment, neatness)					
13.8 Employees in this university are satisfied with their supervisors					
<b>c) Organizational Citizenship Behaviour (OCB)</b>					
13.9 Employees in this university help co-workers learn new skills or share job knowledge.					
13.10 Employees in this university help new employees get oriented to the job.					
13.11 Employees in this university use own vehicle, supplies or equipment for university's business					
13.12 Employees in this university come in early or stays late without pay to complete a project or task.					
13.13 Employees in this university offer suggestions to improve on how work is done.					
13.14 Employees in this university offer suggestions for improving the work environment.					
13.15 Employees in this university volunteer for extra work assignments.					
13.16 Employees in this university say good things about the university to other people.					

**PART V: Leader-Member Relations**

**14.** The statements below concern the relationship between employees and the top leadership in this university. In your own perspective to what extent do you agree with these statements.

<b>Strongly Disagree</b> <b>1</b>	<b>Disagree</b> <b>2</b>	<b>Neutral</b> <b>3</b>	<b>Agree</b> <b>4</b>	<b>Strongly Agree</b> <b>5</b>
--------------------------------------	-----------------------------	----------------------------	--------------------------	-----------------------------------

<b>Aspect</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>a) Leader-Member Exchange (LMX)</b>					
14.1 Employees like the top leadership of this university					
14.2 Employees in this university would come to the defense of the top leadership if they made an honest mistake					
14.3 Employees in this university feel that the top leadership would defend their decisions even without complete knowledge of the issue in question					
14.4 Employees in this university feel that the top leadership do not mind working hard for their subordinate					
14.5 Employees in this university feel that the top leadership provide support and resources to them in order to meet the university goals					
14.6 Employees in this university respect the top leadership's knowledge and competence on their jobs					
14.7 Employees in this university are dependable					
14.8 Employees in this university are independent					

**b) Trust**

**15.** What effect does high level of employee trust in this university have on the following statements?

<b>Not at all</b> <b>1</b>	<b>Less effect</b> <b>2</b>	<b>Moderate effect</b> <b>3</b>	<b>High effect</b> <b>4</b>	<b>Very high effect</b> <b>5</b>
-------------------------------	--------------------------------	------------------------------------	--------------------------------	-------------------------------------

<b>Aspect</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
15.1 High level of employee productivity					
15.2 Fewer problems with employee absenteeism					
15.3 Higher employee job satisfaction					
15.4 Lower turnover rates					
15.5 Higher level of employee commitment					

**PART VI: Organizational Performance**

**16.** Please indicate the university’s annual income and net surplus for the last three years

Year	Annual income (M KShs)		Net Surplus (M KShs)
	Students’ fees	Other	
2010			
2011			
2012			

**17.** These statements concern the organizational performance in this university, from your perception indicate to what extend you agree with the statements

Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
------------------------	---------------	--------------	------------	---------------------

Aspect	1	2	3	4	5
17.1 This university has highly satisfied customers					
17.2 This university has put in place mechanisms for ensuring quick response to customer complains					
17.3 This university enjoys a good public image					
17.4 Products and services from this university are of high quality					
17.5 This university has a high ability to retain employees over a long period of time					
17.6 This university has realized a high increase in output over the last five years (for example number of graduates, research output, publications, new programmes)					
17.7 The operational efficiency of this university has increased over the last three years					
17.8 This university continuously adopts new processes and procedures					
17.9 This university is generally innovative					

**THANK YOU FOR YOUR PARTICIPATION IN THIS STUDY**

UNIVERSITIES IN KENYA

1. University of Nairobi (UoN)
2. Moi University (MU)
3. Kenyatta University (KU)
4. Egerton University (EU)
5. Jomo Kenyatta University of Agriculture and Technology (JKUAT)
6. Maseno University (MSU)
7. Masinde Muliro University of Science and Technology (MMUST)
8. Dedan Kimathi University of Technology (DKUT)
9. Chuka University (CU)
10. Technical University of Kenya (TUK)
11. Technical University of Mombasa (TUM)
12. Pwani University (PU)
13. Kisii University
14. University of Eldoret
15. Maasai Mara University
16. Jaramogi Oginga Odinga University of Science and Technology
17. Laikipia University
18. South Eastern Kenya University
19. Meru University of Science and Technology
20. Multimedia University of Kenya
21. University of Kabianga
22. Karatina University
23. University of Eastern Africa, Baraton
24. Catholic University of Eastern Africa (CUEA)
25. Scott Theological College
26. Daystar University
27. United States International University (USIU)
28. Africa Nazarene University

29. Kenya Methodist University (KEMU)
30. St. Paul's University
31. Pan Africa Christian University
32. Strathmore University
33. Kabarak University
34. Mount Kenya University
35. Africa International University
36. Kenya Highlands Evangelical University
37. Great Lakes University of Kisumu (GLUK)
38. KCA University
39. Adventist University of Africa
40. Kiriri Women's University of Science and Technology
41. Aga Khan University
42. Greta University
43. UMMA University
44. Presbyterian University of East Africa
45. Inoorero University
46. The East African University
47. GENCO University
48. Management University of Africa
49. Riara University
50. Pioneer International University
51. Nairobi International School of Theology
52. East Africa School of Theology

***Source: Commission for University Education Website, April 3, 2014***

<http://www.che.or.ke/mandate.html>,

LETTER OF INTRODUCTION

Adelaide Mbaika Mbithi  
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Nairobi

**Email:** [ambithi@uonbi.ac.ke](mailto:ambithi@uonbi.ac.ke)  
Cellphone: +254724233689

**Date:** 01/04/2014

The Vice-Chancellor/Deputy Vice-Chancellor

Dear Sir/Madam

**RE: INTRODUCTION AND REQUEST FOR RESEARCH DATA**

I am a doctoral student at the University of Nairobi, School of Business. I am conducting a study on **Transformational Leadership, Organizational Characteristics, Employee Outcomes, Leader-member relations and Organizational Performance of Universities in Kenya.**

I am pleased to inform you that your university falls within the research population of interest. This is to therefore, request you to kindly spare a few minutes and answer the attached questionnaire for the study and authorize your deputies to also fill the questionnaire.

On behalf of the University and my supervisors, I state that the information gathered will be used for academic purposes only and that no information about your university shall be shared with a third party whatsoever. Please do not write your name or that of your university anywhere on this questionnaire.

Thank you for your support

Sincerely

**Adelaide Mbaika Mbithi**

cc. Research Supervisors, School of Business, University of Nairobi

Prof. P. O. K'Obonyo, PhD

Dr. J. M. Munyoki, PhD

Prof. G. P. Pokhariyal, PhD

Dr. Z. B. Awino, PhD

APPROVAL BY NACOSTI



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TECHNOLOGY AND INNOVATION**

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Ref: No.

Date:

9<sup>th</sup> April, 2014

**NACOSTI/P/14/0871/1308**


Adelaide Mbaika Mbithi  
University of Nairobi  
P.O.Box 30197-00100  
**NAIROBI.**

**RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on "*Transformational leadership, organizational characteristics, employee outcomes, leader-member relations and performance of universities in Kenya.*" I am pleased to inform you that you have been authorized to undertake research in **All Counties** for a period ending **31<sup>st</sup> December, 2014.**

You are advised to report to the **Vice Chancellors of selected Universities** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report thesis to our office.

  
SAID HUSSEIN  
FOR: SECRETARY/CEO

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The Vice Chancellors  
Selected Universities.

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